





## WORLD NEWS

EUROPE

## Four-year battle for the soul of Crédit Lyonnais

Andrew Jack in Paris describes the French government's long struggle to persuade the pugnacious EU competition commissioner Karel Van Miert to accept its rescue plan for the ailing state-owned bank

Early on Friday May 1, a top executive of Crédit Lyonnais boarded the high-speed train linking Paris to Brussels on an urgent and extremely secret mission.

His aim was to unblock the stalemate between the French government and the European Union competition authorities over a rescue plan for the state-owned French bank. Unless an agreement could be reached within the next few days, Crédit Lyonnais - one of the largest banks in Europe - risked collapsing, with huge international financial and political repercussions.

Pascal Lamy was the best qualified man for the challenging weekend ahead. One of the four members of the executive committee of Crédit Lyonnais, he was also the ultimate political insider in Paris and Brussels alike.

Formerly a senior civil servant, he was chief of staff for a decade to Jacques Delors, president of the European Commission until 1995. A tall, lanky figure with close-cropped hair, Lamy was the realist to the visionary Delors, the hard man who made things happen in Brussels, building a network of loyal supporters who became known as the Stasi.

Yet even for someone instrumental in the negotiations which led to the creation of the single European market and the Maastricht treaty on monetary union, Crédit Lyonnais presented Lamy with one of the biggest challenges of his career.

Since joining Crédit Lyonnais, he had scarcely set foot in Brussels. Concerned about potential conflicts of interest with his old job, he preferred to concentrate on the practical task of restructuring the bank.

Only an extraordinary event would draw him directly into the talks about a new rescue plan that had

been dragging on for over two years. That event had taken place at the start of the same week, raising the negotiating stakes to conditions of near panic.

For months, Karel Van Miert, the Belgian competition commissioner, had been looking for a fight. A taciturn, placid-looking man, Van Miert was liable to periodic outbursts of anger. No case he had examined since his appointment in 1992 triggered his ire more than Crédit Lyonnais.

It had incurred huge losses through a combination of mismanagement, misguided business ventures and reckless lending to corrupt businessmen, some linked to political parties.

EU officials say it was only in 1994, by reading articles in the French press, that they learnt of an initial rescue plan to deal with the bank's poorly performing

on good faith the figures and commitments given in the plan, which it calculated would ultimately cost FF440bn (€66bn), the largest rescue ever examined by Brussels.

Van Miert insisted on asset sales by Crédit Lyonnais beyond those proposed by the French government. In a secret letter to Van Miert, Alain Madelin, the finance minister, agreed in summer 1996 that the bank would reduce its European commercial presence outside France by half.

That irritated Jean Peyrelevade, the cigar-puffing chairman appointed to save Crédit Lyonnais in 1993, who would soon recruit Lamy - a fellow Socialist and friend - to work alongside him. But Peyrelevade, whose periodic tactic was to threaten to resign if he did not get his way, also sparked personal animosity with Madelin and

argued that the cost of the loan imposed on Crédit Lyonnais as part of the plan was becoming too great, and risked permanently hindering its turnaround.

Van Miert agreed an emergency package in September that would ease the short-term financial pressure while a new plan with substantial new penalties was swiftly prepared. Yet despite frequent demands from Brussels, the months passed without any response.

Arthuris says a new plan was ready by spring 1997, but "it was braked by the Matignon", the office of Alain Juppé, the prime minister. Traumatized by the failure of the privatisations of Thomson and GAN at the end of 1996, Juppé was nervous about a sale. Then President Jacques Chirac called snap general elections. Crédit Lyonnais was forgotten.

It was only with the victory of the leftwing coalition in June 1997 that work resumed in earnest. Dominique Strauss-Kahn, the ebullient new economics minister, quickly forged a better working relationship with Van Miert, a fellow Socialist. By July, a plan had been submitted to Brussels.

But Van Miert was not satisfied. He resolved to impose extremely tough conditions in exchange for the state aid plan, which was the one on which his own tenure as competition commissioner would be judged.

He wanted to weaken Crédit Lyonnais - with assets of FF620bn - to the point that it would be forced immediately to find a single buyer to wrest it from French state control.

Strauss-Kahn ceded some ground in the following months, offering concessions such as the sale of the bank's profitable Belgian subsidiary. But - with firm support from Lionel Jospin,



Strauss-Kahn (left) resisted any threat from Van Miert to the bank's independence

the new prime minister, as well as Peyrelevade - he resisted anything that would threaten the bank's independence.

Van Miert finally decided to play his most powerful card. Secretly, he commissioned a report analysing the risks of his ultimate threat to block the plan, forcing Crédit Lyonnais to repay all the state aid and risking its bankruptcy. "It concluded that liquidation would not produce an earthquake in the banking sector," says one EU official.

The coup de grâce came on April 20. Van Miert held a briefing specifically for French journalists, pronouncing the word "bankruptcy" for the first time. The result was rapid and furious. The next day, the French press reported his words. The Bank of France received many calls from depositors. Crédit Lyonnais was contacted by worried foreign banking regulators. Up to FF10bn in cash was withdrawn from the bank.

It also spurred Lamy into action and he won approval for high-level talks in Brussels with Van Miert. The timetable was very tight. If catastrophe was to be

avoided, the discussions would have to take place during the first weekend of May, under cover of the historic EU summit in Brussels which would choose the countries adopting the euro and pick the new European Central Bank's president.

Peyrelevade had already agreed with Strauss-Kahn the wording of a draft press release that would be released on Monday May 4 if the talks failed, reassuring depositors that the French government would underwrite the bank and protect their savings.

The two men left for Brussels in Strauss-Kahn's aircraft, while Lamy took the train with other members of the bank's team.

Eager to ensure confidentiality, the negotiators met away from Commission buildings and packed hotels, in France's permanent delegation to the EU in Brussels. Throughout the weekend, Strauss-Kahn shuttled between the EU summit and the Crédit Lyonnais talks, where Lamy remained with the French government's and Van Miert's teams. In separate rooms, Peyrelevade prepared frequent notes to help him.

Keeping the talks secret - and the provocative presence of Peyrelevade low-profile - was not easy. On Saturday evening, the complete Crédit Lyonnais team dined in the Brussels Hilton, where they noticed a French television crew. "If it had been a newspaper team, we would have been done for," says one negotiator. But the TV crew did nothing.

On Sunday lunchtime, Van Miert's team was dining in the Danish Tavern, when into the same restaurant - one of the few open in the area near the French delegation - walked the entire Crédit Lyonnais team, including Peyrelevade himself.

The French side remained intransigent during the talks on controlling how privatisation should take place. Van Miert stuck firmly to his objective of FF620bn in asset sales. But there was intense bargaining around the precise list of assets to be sold.

It was a question of having the power to speak and listen, and removing all the sedimentary layers of incomprehension that had accumulated from the past," says one who was present. It was

after 10pm on Sunday before the rudiments of an agreement had been thrashed out.

The final deal differed little from proposals made by France several months before, many of which had been in the original 1988 plan. "I always thought that with rational people, we would arrive at a rational solution," says one negotiator. "But there was always that risk that emotions would drive things out of control."

Van Miert believed his brinkmanship was necessary to force France into action. Others argue that his threat was destabilising, and, by triggering the involvement of Jospin and Jacques Santer, the Commission president, it ultimately forced him into concessions.

His outburst certainly helped bring the two sides together. But it was unlikely that the plan could have been rejected. In political even if not in financial terms, Crédit Lyonnais was the bank that was just too big to fail.

Additional reporting by Lionel Barber and Sander Iskander in Brussels, and Robert Graham in Paris

## Kiriienko tries to calm miners' protests

By Chrystia Freeland

Russian coalminers stepped up their nationwide protest yesterday, heightening the pressure on a government already struggling to prop up the rouble and calm nervous financial markets.

Union leaders urged miners to stop work in protest at months of unpaid wages. Their call for an organised walk-out followed days of wildcat action, including a

rash of hunger strikes and blockades of some of Russia's main railway arteries.

Senior officials said that President Boris Yeltsin planned to convene a crisis commission, including parliamentary leaders and the prime minister in early June.

Since the collapse of communism, worker protests have been frequent but they have rarely been nationally organised and have had little

effect on politics in Moscow. But this week's actions have already had some palpable economic impact. Miners blocking the Trans-Siberian railway have forced several factories to stop or slow down their operations. The transport ministry said the railways were losing millions of dollars every day.

The unrest has broken out at a bad time for the economy, which earlier this week suffered its worst financial

crisis of the past 18 months. Sergei Kiriyenko, the new prime minister, who is struggling to resurrect faith in Russia's shaky currency and capital markets, told miners the government was sympathetic to their woes, but would not break its budget to help them.

"We cannot create new debts in order to solve short-term immediate problems or in order to please somebody or to cause fewer

objections from society," Mr Kiriyenko said. "I understand this may spoil the public attitude toward the government and its popularity, but we are responsible not only for putting out today's fire, but also for the future of the country."

Mr Kiriyenko said Moscow would send more than Rb400m (\$68m) to the coal-mining regions to help pay back wages.

Yesterday brought little

respite in a financial crisis which has shaved off nearly a quarter of the value of the stock market in the past week and depleted the central bank's hard currency reserves.

However, Russian officials were hoping for help from the International Monetary Fund, saying the IMF and Moscow were close to a deal on the release of a \$670m tranche of the fund's three-year loan to Russia.

## Coalition for Hungary?

By Kestor Eddy in Budapest

Hungarians head into the decisive second round of a general election on Sunday with the ruling Socialist party's future in doubt after the defeat of centre-right opposition parties in the first round two weeks ago.

The Socialists led in the first round with 32.3 per cent of the vote, slightly down on their performance four years ago. But the Fidesz-Hungarian Civic Party, led by Viktor Orbán, stormed into second place with 23.2 per cent on a programme promising

to fight corruption, improve law and order and accelerate economic growth.

The outcome is still uncertain, given the complexities of the electoral system, but analysts are cautiously forecasting a Socialist-Fidesz coalition or new elections in September.

The other main possibility is a rightwing coalition between Fidesz and the conservative, populist Smallholders' party. But analysts believe it would be unstable and potentially damaging for Fidesz's image.

Voter apathy played a key role in the first round. The

56 per cent turnout was sharply down from 69 per cent in 1994, allowing the far-right MIEP under Istvan Csizsra to enter parliament after it gained the minimum 5 per cent of the votes required. Both Fidesz and the Smallholders have rejected co-operation with the MIEP.

Financial markets have been worried by Fidesz's promises of tax cuts without any corresponding reduction in expenditure. The Budapest stock market fell by more than 8 per cent in the first three days after the first round.

## Meciar changes poll rules

By Robert Anderson in Bratislava

Slovakia's controversial prime minister, Vladimir Meciar, has angered his opponents by pushing through amendments to the electoral law designed to increase his government's chances of victory in a general election next September.

Western countries have long accused Mr Meciar of failing to respect democratic procedures and have cited this as a reason to keep Slovakia out of the first waves of Nato and European Union enlargement.

On Wednesday evening, Slovakia's parliament agreed that all electoral coalitions would have to win 5 per cent of the vote for every party they contain, rather than a total of 10 per cent as at present for coalitions of three or more parties.

Each party in the five-party opposition Slovak Democratic Coalition would therefore have to win 5 per cent to be represented in parliament.

Other amendments strengthen the role of the state in running the election and make scrutiny of the electoral lists more difficult.

The amendments, passed one month before the election is due to be called, end a debilitating period of uncertainty over the rules under which the poll will be fought. "Now the rules are clear," said Milan Fecanik, a deputy for the opposition Party of the Democratic Left. "Now we have to win under these conditions, however unfavourable they are."

Slovakia has been in a constitutional crisis since March, when Mr Meciar took over many of the powers of the outgoing president, Michal Kovac, who stepped down without a successor.

## Portugal exhibits self-doubt despite launch of Expo '98

Celebratory atmosphere surrounding world fair in Lisbon clouded by fears for future sustained development, reports Peter Wise

As Vasco da Gama set sail from Lisbon five centuries ago to discover the sea route to India, an old man on the quay is said to have shouted that the voyage was a vainglorious attempt to find riches and fame which would lead to death and misfortune.

Echoes of his warning, an expression of Portugal's enduring tendency to belittle its own potential, can still be heard as Expo '98, the biggest world fair to date, opens on the Lisbon waterfront today. The party has only just begun, but Portugal is already worrying about its

hazards. The exposition, expected to attract more than 8m visitors over the next four months, is based on the

theme of the oceans and intended to commemorate the golden age of Portugal's maritime discoveries, symbolised by da Gama's landing on India's Malabar coast 500 years ago today.

But the \$2bn project, the most ambitious event ever staged by the European Union's poorest member after Greece, is essentially a celebration of modern Portugal, a country proving to the world and itself that, if not riches and glory, at least average western prosperity is within its reach.

Only three weeks before the opening of Expo '98, Portugal achieved the political and economic goal that has shaped the nation's ambitions for the past decade when it qualified to join 10

other EU countries in launching the single European currency next January.

But, like a ghost at the feast, a feeling of apprehension is troubling many Portuguese at the peak of their country's success. They fear not only "post-Expo depression" - the removal of an important stimulus to economic growth and employment - but also that, after the euro and the world fair, Portugal will be left adrift without a "big idea" to carry the country forward.

In the view of António Guterres, the Socialist prime minister, this is a self-defeating perspective that has held Portugal back in the past. "We have proved we can do it," he says of joining the euro - a reproach not only

to some north European governments that had expressed "deep scepticism" over Portugal's capacities, but also to detractors at home who believed, like the old man on the quay, that the country was overreaching itself.

In the same way, the conception, construction and running of Expo '98, is proof of abilities that Portugal has not traditionally recognised in itself, says António Costa, the government minister responsible for the exhibition. "Expo '98 overturns our established view of ourselves that 'this is Portugal and things don't work'. That is important for our self-esteem," he says.

In less than five years, a 60-hectare wasteland along the Tagus has been transformed not only into an exhibition site featuring futuristic architecture such as the

Oceans Pavilion, Europe's

biggest aquarium, but also into a residential, office and leisure development.

Qualifying for the euro and putting together Expo '98, where almost 150 countries will be exhibiting, more than at any previous world fair, have shown Portugal has the capacity to overcome its own misgivings about the country's potential.

But they have also forced the Portuguese to acknowledge what they recognise to be a less palatable national trait that Portugal needs targets, deadlines and standards to be imposed from the outside, even if self-originated, to work at its best.

"We sometimes need an outside stimulus," admits Mr Guterres. Meeting the criteria for European monetary union has spurred Portugal to discipline its public

finances so that it can enjoy economic growth, expected to average at least 4 per cent from 1997 to 1998, with inflation and the budget deficit at historic lows.

It was with a view to defining a post-euro objective that the government met last weekend with the leaders of Portugal's 40 biggest business groups. But no goal as invigoratingly specific as the Emu criteria or today's deadline for opening Expo '98 has yet emerged. The old man on the quay was wrong about Vasco da Gama. But his descendants in the form of TV and newspaper commentators warn that the country soon squandered the wealth and power of empire. The challenge when Expo '98 closes in September is for Portugal to chart its own course of sustained development.

## NEWS DIGEST

## ITALY'S JUDICIAL SYSTEM

## Justice minister 'not to blame' for escapes

The Italian government defused a political crisis over the judicial system's failings yesterday as members of the centre-left coalition rallied to support the beleaguered justice minister, Giovanni Maria Flick.

After a confusing spectacle in which Mr Flick first tendered his resignation to Romano Prodi, the prime minister, and then withdrew it, government members took the view that the recent escape from custody of two of Italy's most notorious criminals were not the minister's fault and that the system of justice in Italy was to blame.

The recent disappearance of Licio Gelli, the man at the heart of the 1982 collapse of Banco Ambrosiano, and of Pasquale Cutrone, a top Mafia boss, has exposed a key problem with the system: it takes 10 years on average for a criminal trial in Italy to be completed. James Blyth, Rome

## CROATIAN REFORMS

## OSCE criticises slow pace

The 54-nation Organisation for Security and Co-operation in Europe has blasted Croatia for its failure to undertake genuine democratic reform, allow Serb refugees back or encourage Serb residents to stay.

A report by the OSCE mission in Croatia criticised virtually every aspect of Croatian political life - from legal reform to election laws, media control by the ruling party and harassment of the Serb minority. Measured by the standards of western Europe, which Croatia aspires to join, the OSCE indicated the country falls far short of the mark.

The report said Croatian authorities had blocked the return of most of the 190,000 Serbs who fled Croatia in 1995, when its troops recaptured areas seized by the Serbs in 1991. AP, Vienna

## SINGLE CURRENCY

## IMF in warning to Greece

The International Monetary Fund has warned that Greece must adopt tighter policies if it is to qualify for membership of the European single currency by January 1 2001.

In a report made public yesterday by Greek officials, the IMF called for additional measures to offset the inflationary impact of a 12.1 per cent drachme devaluation in March. Inflation jumped from 4.8 per cent in March to 5.4 per cent in April. Greece should "act on the side of caution" and introduce spending cuts to reduce the budget deficit below this year's target of 2.4 per cent of gross domestic product, it said. Karin Hope, Athens

## EU EXPANSION

## Turkey to boycott meeting

Turkey will boycott a key meeting with the European Union next week in anger at being left out of EU expansion plans, a source close to the government said yesterday. "We have reached the point where the association council [meeting] cannot take place on Monday," the source told reporters.

The source complained of political pressure on Turkey, which is under criticism from the EU over Cyprus, rows with Greece and human rights. Reuters, Ankara

HK voters  
sympathetic  
before poll

Asian economy  
shows growth  
of 5.92

## ASIA-PACIFIC

# HK voters apathetic before poll

Chinese territory election sparks interest abroad only, writes Louise Lucas

On Sunday, for the first time in history, people under the communist government of China go to the polls. But it is a moot point how much these "fair, honest and open" elections actually matter.

Hong Kong will be voting at a critical time. The territory is in the grip of the worst economic downturn in a decade. Unemployment is at a 14-year high; hospital blunders and food scares have undermined credibility in the medical system; and confidence in the government leader has ebbed to a new low.

A survey released this month by the Hong Kong Transition Project, led by Michael DeGolyer of Hong Kong Baptist University, shows economic concerns are uppermost in voters' minds. Some 57 per cent of its respondents, up from 43 per cent last June, ranked economic concerns top.

But analysts say the candidates for what will be the first elected legislature in Hong Kong since China resumed sovereignty in July 1997 are expending scant energies on the issues which are closest to people's hearts.

Instead, canvassing has been more notable for small-scale bickering, gross ignorance of key data such as the number of jobs, and clichéd promotions.

Lack of interest has been compounded by what Richard Margolis, vice president at Merrill Lynch, describes as the "rather byzantine details" of the elections. Although 60 seats are being contested, only 20 will be selected by universal suffrage. Of the remainder, 30 legislators will be chosen by a 230,000-strong pool of professional and trade groupings, the so-called "functional constituencies", and the final 10 by an electoral committee.

Canvassing has been muted by the absence of a party already in power. Hong Kong's government is nominally politically neutral - the chief executive, Tung Chee-hwa, was chosen by a Beijing-backed committee, and his secretaries are career civil servants.

The political make-up of the legislature returned this weekend is unlikely to differ much from the wholly elected legislature of 1995. Despite Unionists' mut-

## Housing plea

Li Ka-shing, a leading Hong Kong property tycoon, urged the territory's government yesterday to rethink its housing policy as price-cutting on apartment blocks escalated. He said that while public housing was necessary, "whether the government should be building these units at such a rate is something that perhaps it should review". The government has pledged 85,000 new homes a year, 50,000 of which are to be public. But more than 2,000 would-be buyers have forfeited deposits in the face of falling prices and high interest rates.

tured calls for welfare payments to address the suffering brought by rising unemployment, there is little danger of big spenders assuming a voice. As Mr Margolis observes: "The consensus about the light-handed approach that has become part of the Hong Kong orthodoxy is pretty deep."

Even if the occasional maverick candidate secured a seat, challenging this orthodoxy would prove frustrating. The Legislative Council passes laws and keeps a check on spending - but its law-making abilities are minimal.

Approval must be sought before introducing a host of members' bills - for example, those related to public spending or the operation of the government - and a new voting system, which requires majorities to be obtained within two parts of the legislature, acts as a further brake.

This will not detract from outsiders' interest in the outcome of the elections. As the first step in a process designed to lead to full democracy - including the election of the chief executive - Sunday's polls will be closely scrutinised.

The results and subsequent exercise of legislative power, says Mr DeGolyer, will have implications for the closely-linked southern coastal cities of China and Taiwan.

In this sense, he says, the elections matter far more outside than inside Hong Kong. For Hong Kong voters, the most wretched aspect of the elections is that he is probably right.

# Korean bank rescue raises doubts over political will

John Burton reports that thousands of jobs will have to go and that heavily indebted chaebol may have to face restructuring

A Won50,000bn (\$35bn) state rescue of South Korea's troubled banks forms the centrepiece of what the government of Kim Dae-jung has proclaimed as the "year of restructuring" to haul the nation out of its economic crisis.

But analysts question whether officials have the political will to implement a programme that would cost thousands of jobs as banks consolidate and cut leading to debt-heavy companies during the worst recession in two decades.

"I wonder if the government realises that it may have bitten off more than it can chew," said Henry Morris with Industrial Research and Consulting in Seoul.

The government will recapitalise the banks, buy back bad loans and improve deposit protection under a programme that would place large parts of the sector under state control. Officials said they would force mergers among near-bankrupt financial institutions and expect them to call in loans to "non-viable" businesses.

"The real adjustment process is only just beginning," said Kang Bong-kyun, the

senior presidential economic adviser.

Foreign bankers say the government had little alternative to providing state funds to save a financial industry totalling under Won118,000bn in bad loans. It was unlikely that foreign banks would provide the funds needed to recapitalise the banks through equity investments.

But analysts believe that the government may have underestimated the cost of the bank rescue effort. The state-run Korea Development Institute, which drafted the plans, initially estimated the cost at Won67,000bn and some analysts believe that as much as Won100,000bn may be needed if more big conglomerates, or chaebol, go bust.

Big bankruptcies seem inevitable if the government decides to use the reformed banking sector to prod the diversified chaebol to accelerate restructuring by threatening to withhold credit from those seen lagging.

"Corporate restructuring of the debt-ridden large companies will be pursued in tandem with bank reforms,"

said Lee Hun-jai, chairman of the financial supervisory commission.

Officials claim they will abstain from directly interfering in bank lending decisions and instead provide transparent guidelines on corporate borrowing. But doubts remain whether the banks, which have traditionally relied on state directives on loans, are up to the task.

"The credit analysis in Korea is probably the worst I've seen," said one World Bank official.

Moreover, a banking sector under state control makes it susceptible to political calculations.

A decision yesterday by creditor banks to provide a low-interest Won600bn emergency loan to save the Dong Ah group, Korea's 10th largest conglomerate, from collapse has raised questions about attitudes to credit for dying industrial groups.

Mr Lee, considered one of the top economic reformers, has criticised the banks for propping up "brain-dead" chaebol out of fear that a "default on existing debt could endanger the banks".

But he offered a robust defence yesterday of the bail-



Kim Dae-jung with the IMF's Michel Camdessus at the beginning of the 'year of restructuring'

out of Dong-ah by claiming its failure could have caused a collapse of the nation's financial system.

"The impact of Dong Ah group's fallout would be [up to] Won15,000bn" since it would result in the bankruptcy of hundreds of subcontractors.

He admitted that the rescue of Dong-ah "is somewhat contradictory with the principle we have taken, but that is the fact of the market".

Mr Lee said that Dong-ah could yet serve as a model for chaebol reform under bank supervision.

The group's chairman was

forced to resign and the banks have taken over management control as they swap debt for equity. Moreover, Dong-ah will concentrate on its core construction business as it sells the rest of its subsidiaries.

"Dong Ah is not saved as a group. It will be broken up totally. It's not the same as bankruptcy, but it comes close. We have to compare the social costs between bankruptcy and restructuring. Bankruptcy is not the only way to break up a chaebol."

On Wednesday, Mr Anwar announced the creation of an asset management company to buy the non-performing loans and assets of troubled financial institutions to revive and sell.

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# Malaysia to spur exports

By Sheila McNulty in Singapore

Malaysia will raise export credit financing facilities to M\$4bn (US\$1.06bn), from less than M\$2bn, with immediate effect in the hope of increasing exports to expedite economic recovery.

Anwar Ibrahim, the Malaysian finance minister, was quoted by the government news agency, Bernama, yesterday as saying M\$3bn of the money would go to export credit refinancing and M\$1bn to supplier, buyer and overseas investment credit facilities managed by the Export-Import Bank.

Malaysia, like its south-east Asian neighbours, has been hoping to export its way out of the regional crisis. But with domestic financial institutions burdened by mounting unpaid loans, companies have had difficulties obtaining new financing. High interest rates are also serving as a deterrent.

On Wednesday, Mr Anwar announced the creation of an asset management company to buy the non-performing loans and assets of troubled financial institutions to revive and sell.

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Value beyond chemistry

# Taiwan economy achieves growth rate of 5.92%

By Laura Tyson in Taipei

Taiwan's gross domestic product grew at an annual rate of 5.92 per cent in the first quarter of this year, well short of the government's target of 6.18 per cent but above private sector forecasts.

Officials at the cabinet statistics office said yesterday the government would lower its forecast for full-year 1998 GDP growth to 6.02 per cent from the current 6.18 per cent. But it trimmed the inflation forecast for 1998 from 3.01 per cent to 2.5 per cent.

The economic slowdown was attributed mainly to the

impact of Asia's financial turmoil. "Economic contraction in the south-east Asian countries and weaker demand from overseas [for Taiwan's exports] resulted in smaller growth of manufacturing production," said the Directorate General of Budget, Accounting and Statistics.

Wei Duan, chief statistician, nevertheless said he expected strong private investment to be the "locomotive of this year's economic growth", suggesting a shift to investment-driven growth from export-oriented growth.

The statistics office forecast exports would decline 2.55 per cent and imports 0.3 per cent in 1998 because of slowing global trade, stagnant growth in mature economies, a slowdown in south-east Asia and depreciation of Taiwan's currency.

Overseas demand for Taiwanese goods fell 3.17 per cent from January to April 1998 compared with a year ago. But Taiwan should and the year with a US\$4.75bn surplus, the office predicted.

Taiwan's GDP grew 6.81 per cent last year, recording a strong 7.08 per cent in the fourth quarter alone in spite of Asia's financial turmoil. Economic growth fell below 6 per cent in 1996 but has climbed since.

The Taiwan dollar has fallen 15 per cent in the last year, a modest decline compared with most of its neighbours, which were hit hard by the financial troubles that swept the region from mid-1997. The local currency's relative strength against rival currencies has made some Taiwan goods less competitive.

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## THE AMERICAS

## Netscape avoids role of 'victim'

By Louise Kehoe  
in San Francisco

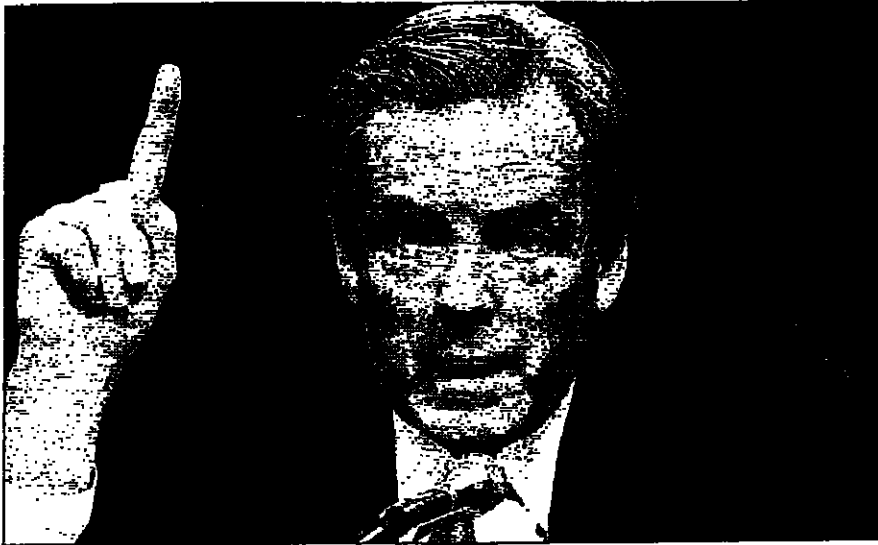
Netscape Communications, the Internet browser pioneer at the centre of US federal and state antitrust charges against Microsoft, does not want to go down in history as "the victim".

"Microsoft tried to crush us," said Robert Katz, Netscape general counsel, but "we are busy rebuilding our business." The once high-flying software venture, which grew rapidly by helping to commercialise the Internet, is now refocusing its efforts on corporate networks, Internet commerce and related services.

Yet Netscape cannot escape its central role in the US and state antitrust lawsuits against Microsoft. Throughout the lawsuits, Microsoft's moves to allegedly squeeze Netscape out of the market for Internet browser software provide the core evidence against the software industry leader.

"A year ago, the Internet browser represented 50 per cent of our revenues," Ms Katz said.

To compete with Microsoft - which incorporated its browser program in the dominant Windows PC operating system - Netscape has been forced to distribute its own



Jim Barksdale, Netscape chief executive. "We cannot afford a legal battle on our own behalf" AP

browser free of charge. "Microsoft has tried to hide the ball... to misrepresent what the antitrust lawsuits are all about," said Ms Katz. "They would like the world to think this is a commercial dispute between Microsoft and Netscape. It is really about Microsoft violating laws."

The federal and state officials are "acting in their roles as prosecutors, not regulators".

Although Internet browsers are just one application of PCs, they are criti-

cal because they give users access to the vast resources of the Internet. "The fear is if one company, Microsoft, controls the browser market, it will have a choke-hold on the Internet... Internet communications and Internet commerce."

"The Internet is based on 'open', or public standards," said Ms Katz. In contrast, Windows is based on Microsoft's proprietary standards. "Microsoft may say that it makes its Windows standards available to other soft-

ware developers, but it still controls when, how and who can access that technology."

Ms Katz said on this issue "we care very deeply. Everybody who is doing business on the Internet should care". Microsoft's efforts to monopolise the browser market could "do very serious harm to consumers".

The issues at stake are much broader than Netscape, Ms Katz insisted. "The personal computer has become the essential tool for doing business. No one com-

pany should control it." Although the current cases focus on Internet browsers, "nobody said the cases filed this week are the final act," added Ms Katz. The Justice Department investigation is continuing, she noted, so Microsoft's moves to bundle other types of software with its operating systems may also come under scrutiny.

Despite the critical role of personal computing, the industry should not be regulated, or have government overseers, Netscape insisted. "The government needs to enforce the antitrust laws now if we are not to get to the point where consumers are demanding government regulation. We very much believe in the power of the marketplace."

For all of its objections to Microsoft's efforts to dominate the Internet software sector, Netscape has no plans at this time to bring its own lawsuit, said Ms Katz. However, Jim Barksdale, Netscape chief executive, has said the company cannot afford to mount a legal battle on its own behalf. For the moment, at least, Netscape has the combined legal resources of the Justice Department, 20 states and the District of Columbia working on its behalf.

## INTERNATIONAL TAXATION ISSUE IS 'QUESTION OF FAIRNESS'

## Reform opened up gaping tax loophole

By Gerard Baker  
in Washington

When the US Treasury simplified its international taxation arrangements in 1996, it had not intended to hand some of the most profitable US companies a sizeable tax break. But that is exactly what it did, largely at the expense of foreign governments.

For more than 30 years, until 1996, a US company that moved passive income - interest, dividends and profits - from one subsidiary in one country to another in a third country had to pay US corporate income tax.

But when the rules were changed that year to simplify treatment of financial transfers, tax accountants quickly realised a gaping hole had opened up.

This is how it works. A manufacturing subsidiary of a US holding company in, for example, Germany can now borrow from a financial subsidiary of the same US holding company in, say, the Netherlands. Interest on that

loan is fully tax-deductible in Germany. Treasury officials believe companies have now arranged their international structures so that funds are lent from the Dutch subsidiary to the German operation so the interest payments in Germany are roughly equal to the total profits of the German subsidiary - thereby eliminating its tax liability.

Meanwhile the Dutch subsidiary pays only a very small amount of tax on its income - the spread between its cost of funds and the rate at which it lends to the German sister-company.

The Treasury wants to force companies to pay the US tax as they would have done before the change was introduced in 1996.

"This is really a question of fairness," says an official. "We made the changes to the system that had existed since 1962 to try to help companies with their foreign tax arrangements." This was not to allow them to channel money to tax havens.

Furthermore, officials say

the loophole could result in a rapid flight overseas by US companies.

But some of the largest US companies have been quietly lobbying Congress to block the Treasury's plan to close the loophole - and so far have been highly successful. Congress imposed a moratorium on the Treasury's efforts in March and seems likely to impede the administration further when it considers the plan next month.

"The Treasury is always arguing about hypothetical risks. They have yet to demonstrate any actual damage to the US," says Mark Weinberger, a leading Washington lobbyist who has been pressing the companies' case with congressmen. "It's not realistic to suggest the tax treatment issue will persuade companies to invest overseas if they were not already planning to do so."

In any case, members of Congress believe the issue is one of tax policy, not simple administration, and therefore is a matter for them to decide and not the Treasury.

## First Microsoft court hearing today

It must win this first phase to safeguard the launch of Windows 98. The odds are not in its favour. Louise Kehoe reports

Microsoft will today face the first court hearing in the sweeping antitrust lawsuit filed against the software company on Monday by the US Justice Department - and in this early phase of the case, the odds are not in its favour.

Although today's hearing is merely a scheduling session, it marks the beginning of what may be the most critical part of the antitrust action.

Microsoft must win this first phase if its plans next month to launch Windows 98, a new version of the

widely used PC operating system, are not to be placed at risk. Hearing the government's request for a court order forcing Microsoft either to separate its own Internet browser software from Windows 98 or to include Netscape Communications' rival browser will be Judge Thomas Penfield Jackson of the US District Court in Washington.

The issue is not new to Judge Jackson. He has already adjudicated in an earlier legal tussle between the Justice Department and Microsoft and ruled for the government.

The Justice Department's legal filing begins with a reprise of the judge's earlier order: "The probability that Microsoft will not only continue to reinforce its operating system monopoly... but might also acquire yet more monopoly in the Internet browser market, is simply too great to tolerate indefinitely..." the judge wrote.

Justice Department antitrust lawyers are hoping for a sympathetic hearing of their new request for a preliminary injunction aimed at "preserving the competitive status quo" pending the eventual outcome of the case.

Microsoft, which appeared to antagonise Judge Jackson in the earlier case, cannot be optimistic. When the judge

ordered Microsoft to separate its browser from Windows 98, currently the dominant PC operating system, the company complied with the letter - but perhaps not with the spirit - of his direction. It offered PC manufacturers a non-working version of Windows 98 with the browser removed, or the fully functional version including the browser.

This irritated the judge, who rebuked Microsoft in open court and eventually got his way when Microsoft agreed to simply hide the browser from PC users.

Microsoft has already said it is unwilling to give Netscape a "free ride" on Windows 98. However, an order to separate the browser from

Windows 98 could potentially disrupt sales, scheduled to begin on June 25.

Microsoft's lawyers are already anticipating a move to the appeals court, where it recently won a favourable ruling limiting the effects of Judge Jackson's order. A ruling on whether to let stand the judge's order is pending.

While it may be years before the courts finally rule on the core charges against Microsoft - the injunction phase of the case could be resolved in a matter of weeks and it will determine, to a large degree, whether the antitrust case will have any short term impact on how Microsoft does business as well as the prospects of its competitors in the PC software market.

## Greenspan still wary of fall-out from Asia crisis

By Stephen Feller  
in Washington

Asia's financial crisis could still have severe repercussions on the rest of the world economy, Alan Greenspan, chairman of the US Federal Reserve, said yesterday.

"There was and is a small, but not negligible, probability that the upset in east Asia could have unexpectedly large negative effects on Japan, Latin America and eastern and central Europe that could have repercussions elsewhere, including the United States," Mr Greenspan told the House agriculture committee.

"While the probability of such an outcome may be small, its consequences in my judgment should not have been left solely to chance."

The committee was examining the effects of Asia's crisis and the International Monetary Fund's actions on US agricultural exports ahead of an expected vote in the House this year on a resolution already passed by the Senate to enlarge the US capital contribution to the IMF.

Mr Greenspan said policymakers were still struggling to come to grips with new "high-tech" financial crises such as those in Asia and in

Mexico in 1994-95. Until new arrangements were in place it was "better to have the IMF fully equipped if a quick response to a pending crisis is essential".

Robert Rubin, US treasury secretary, also told the committee of a risk of "degraded currencies and shrunken markets" for which greater IMF funding would provide a low-cost insurance policy.

He said that the IMF had about \$15bn of free resources over and above commitments already made, which would not be enough to handle another Asian crisis.

## BUSINESSES FOR SALE

**ETBA Finance**  
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**ANNOUNCEMENT**  
OF A SECOND PUBLIC AUCTION FOR THE HIGHEST BIDDER  
FOR THE SALE OF THE TOTAL ASSETS OF  
NITROGENOUS FERTILISERS INDUSTRY (A.E.B.A.L.) S.A.  
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**ANNOUNCES**

a second public auction for the highest bidder with sealed, binding offers for the sale, as a whole, of the assets of NITROGENOUS FERTILISERS INDUSTRY (A.E.B.A.L.) S.A. established in the municipality of Ptolemais in the prefecture of Kozani and established on a plot of land about 1,792,220 m<sup>2</sup> in area. The buildings cover a total area of about 100,000 m<sup>2</sup> in various parts of the estate according to production requirements. The factory lies about 4 km. northwest of Ptolemais and about 25 km. northwest of Kozani. A.E.B.A.L. produces and sells simple nitrogenous fertilisers such as nitric ammonia, calcareous nitric ammonia, sulphuric ammonia 21% and compound fertilisers. More information on its products and the capacity of each unit are contained in the Offering Memorandum.

**Terms of the Announcement**

- The auction will be conducted in accordance with the provisions of article 48a of Law 1892/1990 as supplemented by article 14 of Law 2000/1991 as currently in force; the terms contained in the present announcement and the terms contained in the Offering Memorandum, regardless of whether or not they are repeated in the present. The submission of a binding offer entails acceptance of all these terms.
- For a fuller awareness of the company for sale, interested buyers are invited to receive, on signature of a confidentiality agreement, the detailed Offering Memorandum and ask for any other information.
- In order to participate in the auction, interested parties must submit a sealed, binding offer to the notary public assigned to the auction, Mr. George Karamyrtzidis, at 44, 52<sup>nd</sup> March Street in Ptolemais, tel. 011-26437730 from 9 - 12:00 hours on Monday, 15<sup>th</sup> June 1998. The submission of offers should be made in person or by a legally authorised representative. Offers submitted beyond the time limit will not be accepted or taken into consideration. Offers must not contain terms upon which their bidders will depend or which create requirements with regard to the method of payment of the offered price or with regard to any other essential points. The liquidator and the creditors maintain the right, at their uncontrollable discretion, to reject offers which contain terms and exceptions, even if they are higher than other offers, or consider them to be non-compliant, in which case the offer remains binding with regard to the rest of its content.
- Offers must be accompanied, on penalty of cancellation of the offer, by a letter of guarantee from a bank, legally operating in Greece, to the amount of two hundred and fifty million drachmas (GDR 250,000,000) as per specimen contained in the Offering Memorandum, valid until its return to the guarantor bank and guaranteeing both the substance of the offer submitted and any improvements made to it.
- The offer will be opened by the notary at his office at 14:00 hours on Monday, 15<sup>th</sup> April. Interested parties who have submitted binding offers within the time limit are entitled to attend the opening of the offers.
- Offers must specifically state the offered amount and method of payment (in cash or on credit, the number of instalments, when they are to be paid and the interest during the entire period of settlement. If there is no interest, the method of payment, by whether the part on credit will bear interest or not, and c) the interest rate to be calculated, it will be considered correspondingly that a) payment will be in cash, b) the part on credit will be paid without interest and c) the interest on any part on credit will be calculated on the basis of the bank's current rate in force at the time.
- Essential criteria for evaluating the offers are: a) the size of the amount offered, b) the number of job positions to be created, c) the guarantees provided for settlement of the balance on credit and the fulfilment of other terms, d) the reliability and creditworthiness of the interested party, e) the business plan and in particular the height of proposed investments and f) the commitment to keeping the business running and for how long.
- For all the above points as well as for the remaining terms to be agreed upon (job positions, height of investments, etc.) the buyer must accept penalty clauses, additionally covered by property or other securities, which will guarantee compliance with the terms agreed upon.
- The elements which make up the company's assets shall be sold "as is and where is" and, more specifically, in their actual and legal condition and at the place where they are situated on the day of signature of the sale contract. The liquidator and the creditors are not responsible for legal or actual defects or delinquencies of any kind of the assets for sale, nor for any incomplete or inaccurate description of them in the Offering Memorandum. Interested parties, should, with their own means and diligence and at their own expense, look into and form their own assessment of the objects for sale. The submission of an offer implies that the interested party is fully aware of the legal and actual state of the objects for sale.
- In the event that part payment is on credit, the present value will be taken into account in evaluating the offer, which will be calculated on the basis of a 14% annual discount rate.
- In the event that the person to whom the assets of the company under liquidation are adjudicated fails in his obligation to appear at the time and place specified in the liquidator's invitation, in order to sign the relative contract in accordance with the terms of the present Announcement and of his offer, as finally corrected, then the guarantee, as above, is forfeited in favour of the liquidator and the creditors in order to cover all expenses of any kind, time spent and cost of hypothetical losses sustained, with no obligation to provide proof of such, and consider the amount as a penalty clause and collect it from the guarantor bank.
- The liquidator bears no responsibility towards participants in the auction, both with regard to the report assessing the offer or to his proposal of the highest bidder. Also, he is not liable and has no obligation to the participants in the auction in the event that the auction is cancelled or declined and void if its result is deemed unsatisfactory.
- Those parties taking part in the auction and submitting offers do not acquire any right, claim or demand from the present Announcement and from their participation in the auction, against the liquidator or the creditors for any reason or reason.
- According to para. 13 of article 48a of Law 1892/1990 the sale contract and the necessary transfers arising from it and any other relative transaction are exempted from taxes, dues or state or third party rights or stamp duties, while the rights and fees of notaries, lawyers, auctioneers and mortgagees are reduced to 50%. Any expenses incurred in the sale of the assets (NAT, the fees of lawyers, notaries and mortgagees, judiciary supervision, etc. rights and other expenses) are to be borne by the buyer. The present was drafted in Greek and translated into English. However, in the event of differences occurring in translation, the Greek text will prevail.

In order to obtain the Offering Memorandum and for any additional information, please apply to the office of the liquidator 1 Eristonou St., Ptolemais, tel. (011) 26437730, 26437731, 26437732 and fax (011) 26437734 and at the company's factory at Ptolemais tel. (011) 26437731, fax (011) 26437732.

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Rumours  
rife over  
death of  
YabránBy Ken Wain  
in Buenos Aires

Argentina's government yesterday sought to distance itself from the death of businessman Alfredo Yabrán, whose body was found in a remote ranch north of Buenos Aires on Wednesday afternoon.

Mr Yabrán went into hiding last Friday after a judge ordered his arrest in connection with the January 1997 murder of photographer José Luis Cabezas. Officials said Mr Yabrán shot himself through the mouth with a hunting rifle as police launched a raid on the ranch.

Ministers insisted the death was a judicial matter with no political implications. The circumstances surrounding the death were "simply matters that the justice system must determine," said interior minister Carlos Corach.

Mr Yabrán was one of Argentina's most controversial figures. In 1995 the then economy minister, Domingo Cavallo, denounced Mr Yabrán as the head of a mafia organisation under the protection of judges and senior politicians. On Wednesday night Mr Cavallo reiterated the charges, calling for a full investigation into Mr Yabrán's "empire of impunity".

His death has produced a fever of speculation.

"There are 38m Argentines," said Christopher Eccleston of brokers Interacciones. "Not one of them believes this was a suicide."

However, Mr Yabrán's demise may ultimately lift a burden from the government, which was under repeated opposition attack over its links with him. Media revelations of frequent telephone contacts with Mr Yabrán last year cost justice minister Elias Jassan his job.

In 1996 Mr Cabezas took the first published photographs of the reclusive Mr Yabrán. The Noticias news magazine for which Mr Cabezas worked was investigating the businessman's activities.

## NEWS DIGEST

## BRAZILIAN ELECTION

## Rising unemployment hits support for Cardoso

Brazil's general election in October promises to be closer than analysts had predicted after an opinion poll published yesterday showed that President Fernando Henrique Cardoso's ratings are continuing to fall. The poll gave Mr Cardoso 34 per cent support, only nine percentage points ahead of Luiz Inácio Lula da Silva, the left wing candidate.

If the result were repeated in the October election, Mr Cardoso, who is still firm favourite to win, would be forced into a second round of voting. In a poll last month Mr Cardoso scored 36 per cent and Mr Lula 22 per cent. A poll in December gave Mr Cardoso 40 per cent support.

Political analysts said the decline in the president's ratings was the result of rising unemployment, as well as the government's perceived slowness to respond to forest fires in the northern Amazon in March and the drought in the north-east of the country, which has provoked widespread disturbances. The rise in Mr Lula's fortunes follows the cementing of an electoral alliance last week between his Workers party and two other left wing parties, the Democratic Labour party and the Brazilian Socialist party.

The publication of the poll came as the Brazilian central bank reduced the main interest rate from 23.25 per cent a year to 21.75 per cent, a sharper reduction than financial markets had been expecting. Interest rates were doubled to 43 per cent last October in the wake of the Asian financial crisis. Geoff Dyer, São Paulo

## ECUADOR POWER

## Contracts to stave off cuts

Ecuador will award contracts for emergency electricity generating capacity of 120MW to avoid power cuts in autumn. A decree issued by Fabian Alarcón, president, and the ministers of energy and finance will allow Incel, the state electricity institute, to agree deals quickly without a long public bidding round.

The contracts are expected to be awarded to private companies that would set up generating plants. They would be paid a retainer to be on standby to supply the grid all year round.

Droughts affecting the Pauta hydro-electric plant, which supplies more than 60 per cent of Ecuador's electricity, have led to business losses of up to \$500m a year over the last five years due to power rationing. Justine Newsome, Quito

## FT EXPANSION

## Chicago print site opens


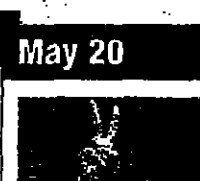
The Financial Times is now printing in Chicago, the newspaper's 12th print centre worldwide. In the US, the FT is also printed in New Jersey and Los Angeles.

The initial Chicago print-run will be 11,000 copies a day, and the FT hopes to double that figure by the end of the year. "Not only is Chicago one of the world's most important financial centres, it is also home to many international companies," said Mr Richard Lambert, editor of the FT, who is currently based in the US to oversee the paper's expansion there.

The Chicago print-run is part of the FT's push to expand its global readership. Since a dedicated US edition was launched in September 1997, US circulation of the paper has risen from just over 30,000 to 55,000 copies a day. Worldwide, the FT sells 359,000 copies a day, an increase of 17 per cent on the figure of a year ago. Overall, 45 per cent of the FT's circulation is now outside the UK. Peter Martin, London  
Chicago Survey, Separate Section



## INDONESIA: AFTER SUHARTO

May 12	May 13-14	May 15	May 16	May 18	May 19	May 20	May 21
							
Six students killed in clashes with security forces in Jakarta, the first fatalities in three months of demonstrations	Jakarta shaken by rioting and looting. Ethnic Chinese businesses badly hit. More than 500 killed in fires started by looters.	Suharto returns early from overseas trip. Orders crackdown on rioters; reverses sharp fuel price rises.	Evacuation by ethnic Chinese and employees of foreign companies accelerates. Jakarta airport jammed with evacuees.	Harmoko, Speaker of parliament and close associate of Suharto, calls on him to step down. Wiranto, head of the armed forces, says call is illegal.	Suharto promises to step down after implementing political reforms and holding parliamentary elections. But he does not give timetable.	Rais, a leading opponent, calls off mass protest, fearing confrontation with army. Ruling Golkar party calls on Suharto to resign.	9.00am Suharto steps down; replaced by B.J. Habibie, vice president.

## The final days

## REACTION

## ROLE OF MILITARY GENERALS TAKE PRUDENT PATH TOWARDS CHANGE OF POWER

## World leaders' sigh of relief

By Our International Staff

US President Bill Clinton yesterday welcomed the decision by President Suharto to step down but indicated he saw the move as only the beginning of the hoped-for transition to democracy. "We urge Indonesia's leaders to move forward promptly with a peaceful process that enjoys broad public support," he said. The US "stands ready to support Indonesia as it engages in democratic change."

US officials remained in doubt that B.J. Habibie, who was sworn in as president to serve out Mr Suharto's term until 2003, would be in power for long.

Ryutaro Hashimoto, Japan's prime minister, welcomed Mr Suharto's resignation but expressed concern at the possibility of further uncertainty in Indonesia. Japanese companies, which have invested heavily in the country, are among the hardest hit by the turmoil in Indonesia.

Mr Hashimoto said his government would continue to support Jakarta and its reforms with aid. Japan, the largest aid donor to Indonesia - has committed \$1bn in yen loans in the wake of the currency crisis.

Leaders in the countries which make up the Association of South East Asian Nations (Asean) welcomed Mr Suharto's resignation, relieved that there had been little bloodshed or social chaos threatening to spill over their borders. But they remained mindful of the message his swift downfall sent to other authoritarian dictators in the region. "We hope this will provide a lesson for all of us here in the Philippines as well as in Asean that the right approach... is to stay on the track of reform in consultation with our people," said President Fidel Ramos of the Philippines, an ex-general and veteran of "people's power" protests, who steps down next month.

Malaysia said it would temporarily suspend the deportation of illegal Indonesian immigrants to give a respite to the new government. Thailand's prime minister, Chuan Leekpai, said Asean should do all it could to help Indonesia make a smooth transition.

Portugal's President Jorge Sampaio said "the day of freedom for East Timor is closer" following Mr Suharto's resignation. East Timor was invaded by Indonesia in 1975 after Portugal, the former colonial power, pulled out.

## Army stands firm behind Habibie

By Sander Thompson in Jakarta

President B.J. Habibie got only one clear endorsement on his first day in office yesterday, but it was one that Indonesians least expected. Seconds after Mr Suharto resigned and Mr Habibie took the oath of office, General Wiranto, chief commander of the armed forces, took the microphone to announce that ABRI, the armed forces, supported Mr Habibie's presidency.

That the military accepted Mr Habibie at all came as a surprise to many, who thought the leading generals had stuck with Mr Suharto for so long in part because they despised Mr Habibie for his strong Moslem ideology and his success in taking control over military procurement and its lucrative opportunities for payments.

"You could not have had a stronger endorsement by the armed forces," said Salim Said, a military historian in Jakarta. "Why? Because it is constitutional. The armed forces would like to have political change. This procedure is the constitutional way to bring down Mr Suharto."

Juwono Sudarsono, the environment minister and former military analyst, said "the military has found it

## Indonesia's democratic options

Three constitutional paths to a more popular government

1. President Habibie calls special session of People's Consultative Assembly, the highest legislative body, and seeks backing for more democratic electoral laws and early poll. A new parliament, with 500 delegates appointed by the president, would form a new PCA which would then appoint a president.
2. Habibie ignores calls for early elections and elects parliament leaders to call a special session of the assembly, as they had threatened to do if Suharto had not resigned. Such a session could impeach Mr Habibie or call general elections without his approval.
3. President Habibie ignores calls for early general elections and gets away with it. General elections would be held in 2002. The assembly would meet as scheduled in March 2003 and elect a president and vice president. Half the members of the assembly would be appointed by Habibie.



Habibie yesterday

prudent to accept him, at least as a temporary head of state, if only because if Gen Wiranto were to take over there would be some suspicion that this was an apparent grab for military power."

Some Indonesian analysts say Gen Wiranto's most powerful rival in the military, Prabowo Subianto, an ambitious commander who is son-in-law to Mr Suharto, has been close to Mr Habibie. Both generals may have decided that unity of the military was best served with Mr Habibie, at least for a transition period.

But Mr Salim said the military could even let him run for the full five-year term,

"provided Mr Habibie does not cause any problems that would create an excuse for bringing him down. Suharto went down because the people did not like him any more. If there is a constitutional challenge to Mr Habibie the army will not go against the constitution."

Even if the army is willing to support Mr Habibie indefinitely, much of Indonesia's society either rejected him outright yesterday or gave him only a grudging, conditional, temporary go-ahead. Amien Rais, Indonesia's leading opposition leader, voiced what appeared to be the view of many when he welcomed the peaceful trans-

ition but withheld endorsement of Mr Habibie until the presentation of a new cabinet.

"If it consists of corrupt people, if it stinks with nepotism, then I will not endorse it," he said. "I think Habibie is expected to have a provisional government. Maybe after three or six months at the most, Habibie has to go."

Mr Rais and other leaders urged general elections within six months, followed by a session of the People's Consultative Assembly, which incorporates parliament and 500 appointed members. The assembly would then elect a new president and vice president.

## AMIEN RAIS SMART TACTICIAN WHO HAS WON WIDE SUPPORT

## Moslem moderate's style achieves goal

By John Riddling in Jakarta

It took Amien Rais almost half an hour on Wednesday to travel the few hundred yards from the gates of Indonesia's parliament to the platform from where he was to address a crowd. A throng of cheering students jostled and slowed his steps.

Such was the support for the Moslem academic and opposition leader who emerged at the forefront of moves to unseat President Suharto. "All Indonesian people trust Amien Rais," said Edwin, an economics student at the University of Indonesia. He was one of more than 10,000 who had occupied the country's parliament, demanding Mr Suharto step down and end his 32-year rule.

That demand was met yesterday, transforming Indonesia's political landscape and raising the prospect of further political upheaval. In spite of lingering question marks over the speed and scale of further change, Mr Rais will clearly be an important player.

"He must be seen as a major figure who had the moral courage to go out and challenge Suharto when everyone else was quiet," said Alan Dupont, fellow of



Rais at a press conference yesterday

the Security and Defence Studies Centre at the Australian National University.

Yesterday, Mr Rais set out his terms for the new regime, accepting Mr Jusuf Habibie's appointment as the new president, but signalling this should be a transitional phase and that his support for the government was highly conditional. "I think Habibie is expected to have a provisional government, for three or six months at the most," said Mr Rais.

The Moslem leader said he would support the new government if it was "clearly made up of honest people in touch with community feelings. But if it consists of corrupt people, if it stinks of nepotism, then I will not endorse it."

Diplomats said the new regime would soon run into opposition if it ignored the demands of Mr Rais and other leading opponents of the Suharto government. But whether this means a role for Mr Rais in any transitional administration was less clear.

Also unclear is Mr Rais' ultimate objective. "He is clever and ambitious and I think he does have an eye on the main prize," said one diplomat. "But his relations with the army are a little suspect, though better than they were, and he has no experience in government."

He does have a power base. Mr Rais is head of the 30m-strong Muhammadiyah movement, one of the biggest Islamic groups in the

world's largest Moslem nation. Over the past few years he has emerged as the Suharto regime's leading Moslem critic, angering the president by suggesting the first family had broken the constitution in a scramble for shares in a goldfield.

But in spite of his sharp tongue, the owl Mr Rais is no firebrand. That was underlined this week when he called off a planned Imstrong march on the presidential palace to demand Mr Suharto's resignation.

Fearful of more violence, Mr Rais, called off the march. "I don't want to see more bloodshed, more unnecessary victims," he said. The Moslem leader said he had been warned that the military had been prepared for a Tiananmen-type response, referring to the bloody army crackdown in Beijing in 1989.

While some students responded with disappointment to the cancellation of the march, Mr Rais achieved his objective. "We will say goodbye to Mr Suharto," he said in the early hours of yesterday morning, the first to break the news.

Mr Rais' moderate style fits well with Indonesian Islam. The large majority of the country's Moslems prac-

tice a tolerant form of the religion, having little time for headline adherence to the Koran or to evangelical tendencies within the religion.

But questions remain about Mr Rais' stance towards the ethnic Chinese community. Although less than 5 per cent of the population, ethnic Chinese account for most of its private wealth. They have become scapegoats in the latest unrest, fuelling fears of growing ethnic divisions and a further economic collapse.

Some are suspicious of Mr Rais on this score, partly because of populist libes he has made in the past against the ethnic Chinese. "That remains an issue of concern, but it seems he has toned down the rhetoric," said one diplomat yesterday.

One positive sign was Mr Rais' condemnation of recent anti-Chinese riots. Another was his reaction to Mr Suharto's meeting with other Moslem leaders this week, called in an attempt to bolster support for his regime. Mr Rais condemned the talks, partly because they excluded reformists from outside the Moslem community. That smacked of a smart tactician, one who could yet end holding the levers of power.

## THE NEW LEADER STUDENTS AND INVESTORS HAVE DOUBTS ABOUT SUHARTO SUCCESSOR

## Habibie will be hard-pressed to win legitimacy

By Sander Thompson and John Riddling

When President Suharto bowed his head, took one step back and made room for B.J. Habibie to take the oath yesterday, he averted a messy impeachment by parliament, a military coup or popular revolt that could have ended in bloodshed in the world's fourth largest nation.

Mr Suharto, 76, and his eldest daughter left the presidential palace in an armoured Mercedes-Benz with civilian number plates (his old Mercedes was kept aside for Mr Habibie). But Mr Suharto kept an escort of 10 cars and won a public pledge of protection from General Wiranto, commander of the armed forces.

Mr Suharto's economic legacy - though recently tarnished - remains enviable. The fast improvements in infrastructure, nutrition, welfare, education and health - financed with oil revenues and a 30-year foreign investment boom - can spur a rapid revival of his economy if and when investor confidence returns.

Yet there is little cause for cheer for many Indonesians, nor for the foreign investors and neighbouring countries that eventually turned against Mr Suharto. While Mr Suharto's resignation is a step towards peaceful political change, many regard Mr Habibie as cut from the same cloth.

Mr Habibie has not been endorsed by any major movement other than the

military. He has got only conditional, and grudging, acceptance from opposition leaders. They will shy away unless he guarantees speedy elections and presents a credible cabinet within days. He promised reforms but failed to mention elections.

Most students rejected Mr Habibie outright and demanded an extraordinary session of the People's Consultative Assembly, the highest legislative organ which combines parliament and 500 appointed members, to appoint a new president and vice president.

"The students stand by their principle - no more corruption, no more nepotism," said Anwar Nasution, a critical economist. "Mr Habibie is part of that. It's difficult to sell the guy."

Mr Habibie has few friends in the People's Consultative Assembly, which may gather to vote on his mandate if elections are not held soon. It elected him by consensus in March but only under pressure from Mr Suharto.

Many expect it to favour Try Sutrisno, the previous vice president, or Mr Wiranto, but the student movement may have enough momentum to push for a more radical alternative.

"There is no one obvious person," said Alan Dupont, fellow at the Centre for Security and Defence Studies at Australian National University. "We may well see a government of national unity, which may include Amien Rais, Try Sutrisno and possibly even Ginjar" (Ginjar, the minister for eco-

nomics, finance and industry). "Whoever it is must have the support of the armed forces."

So Indonesia has won some respite, but not much. "The most benign outcome would be political reforms leading to elections six to nine months from now," said Charles Blitz, director for emerging market research for Donaldson, Lufkin & Jenrette, a US investment bank. "What the markets are looking for is not a dramatic turnaround but some quiet."

The economic crisis which brought down Mr Suharto still rages on and could well bring down Mr Habibie, whether he implements political reforms or not. Mr Habibie has said little about his economic views since he became vice presi-

dent, but his past comments have unnerved investors. When Mr Suharto announced his choice for running mate in January, the rupiah plunged to an historic low of Rp17,000 to the US dollar - a level it did not reach even during last week's riots. His nationalist, interventionist and expensive industrial policy as minister for science and technology for 20 years, when he ran 10 of Indonesia's largest state enterprises, highlighted much of what brought Indonesia its current economic crisis.

"Habibie would not be the investors' first choice," Mr Blitz said. "But the key is political legitimacy. If he gets the support of the Indonesians, people in the markets could work with him."

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A BETTER APPROACH TO BUSINESS



## INTERNATIONAL

# Iran raises objection to undersea pipelines

By Charles Clover,  
Robert Corzine and  
Carlotta Gall in Almaty

Iran is expected to oppose the construction of oil pipelines under the Caspian Sea for environmental reasons, in a development that could further undermine US diplomatic efforts to orchestrate an oil export route from central Asia bypassing both Iran and Russia.

"They [the US] cannot ignore Iran in terms of geographic position," said Hassan Khashkavi, Iran's ambassador to Kazakhstan yesterday. He said that the Caspian Sea was unsuitable for undersea pipelines because it is earthquake-prone, and that building such a line could cause an environmental catastrophe. His comments came as Iran redoubled its efforts to convince western companies and central Asian governments that its territory is best for oil export pipelines from the region, in the wake of Washington's decision earlier this week to issue waivers to European energy companies doing business with Tehran.

## New party authorised in Iran

A high-powered group of officials backing Iran's moderate President Mohammad Khatami has won government permission to form a political party with Tehran's controversial mayor as its one of its leaders, Reuters reports. The party is among the first authorised in

the country since the years after the 1979 Islamic revolution.

Gholamhossein Karbaschi, the mayor of Tehran, who was jailed for 11 days last month during an investigation of graft charges, is the new party's secretary-general, the daily Iran News said.

the aid of Russia, it would undermine plans for a US-backed trans-Caspian pipeline scheme to carry oil and gas from Turkmenistan and Kazakhstan to Azerbaijan via an undersea line, and then on to Georgia and Turkey. The trans-Caspian project was originally conceived as a way to link oil and gas exports from countries friendly to the US in such a way as to satisfy the geopolitical objectives of keeping Iran isolated, and finding an alternative to Russian territory for such pipeline routes. Most of central Asia's oil is exported via Russia, which US officials suspect of trying to maintain its historical hegemony over the region.

# Civilians suffer as Sierra Leone's ousted military junta takes to the bush

Michael Peel meets refugees with tales of atrocities carried out by the defeated rebels

A goes Momoh, a teacher, speaks with professional clarity and calmness about the murder of her son by anti-government rebels in Sierra Leone. "They started opening houses and killing people," she says. "We opened our own doors and tried to escape but in the process they shot my boy in the stomach. Then they sat in the door and shot me in the back."

She pauses to allow her listeners to catch up before recounting the fates of the other members of her family. "They killed my husband. My daughters have gone somewhere. I do not know if my other son died there."

Ms Momoh managed to escape over the border to Liberia. She is one of many refugees who describe acts of indiscriminate barbarity carried out by the Revolutionary United Front (RUF), and the other supporters of the military junta deposed earlier this year by Ecomog, the Nigerian-led West African peacekeeping force.

The junta had been in power since last May when it overthrew Ahmad Tejan Kabbah, the elected president.

Members of the junta, including Johnny Paul Koroma, the leader, are now hiding in the bush in the north and east of the country. The rebels use the area as a base to attack Ecomog.

controlled areas, or villages full of civilians. As one refugee puts it: "They kill the people, take what they want and go back into the bush."

It is unclear how much land is under rebel control. But their presence has been intimidating enough to cause tens of thousands of people to flee to Liberia, where many are staying in and around the town of Vahun, 9km from the border. The rebels seem to be par-

ticularly active in the part of Sierra Leone to the west of Vahun. Refugees report that they have struck at Pendembu, 12km from the border, and Segbwema, a further 30km inland.

They also seem to be strong further north, near the border with Guinea. They reportedly outnumber Ecomog troops by more than

two to one in the area around Kono, which lies in the heart of the diamond mining region.

The rebels have been able to exploit the proximity of the Liberian and Guinean borders to keep themselves supplied. The RUF has close links with the remnants of the National Patriotic Front of Liberia, the officially disbanded Liberian military faction formerly led by Charles Taylor, now president. There are reports that

members of both the NPFL and the Liberian army have crossed the border to assist the RUF in Sierra Leone. RUF members have made the trip in the other direction. There are an estimated 2,000 rebel fighters at the camp at Vahun, and the Liberian government said last week that it would allow Ecomog to deploy troops on the Liberian side of the border to help prevent further incursions.

Although the RUF can probably sustain itself as long as the cross-border supply routes remain open, it seems to lack the artillery and vehicles to launch sustained bombardment of Ecomog forces. The rebels rely on speed and ruthlessness rather than firepower.

Ms Momoh, who is from Segbwema, says the RUF rebels attacked residents as a reprisal for their failure to take the town from Ecomog control. She says: "When the rebels saw they could not defeat them [Ecomog], they started to kill people. There was no one to defend us."



There are few clues to the scale of the terror the RUF is inflicting on the people of eastern Sierra Leone. Almost all the refugees who arrive in Liberia are suffering from infections and illnesses rather than injuries sustained as a direct result of conflict.

But there is evidence at Vahun of widespread bereavement. Relief agencies hold regular counselling sessions on subjects such as "sharing traumatic experiences", "loss and grief" and "death and dying".

Few refugees foresee an end to the trauma. Many want the government to negotiate with the rebels to end the violence. Brahma Momoh, a farmer, says: "Let them sit together. I want a peace."

# Algerian ceasefire divides leadership of banned party

Leader questions deal between FIS's armed wing and the army. Roula Khalaf reports

A truce declared eight months ago by the Islamic Salvation Front (FIS) has plunged the banned party into turmoil and divided its leadership.

The ceasefire led another 10 small armed groups also to lay down their arms, and raised the possibility that the Algerian regime would restart talks with the FIS, the party which had been poised to win elections cancelled by the army in 1992.

The Armed Islamic Groups (GIA), made up of shadowy extremists, remains opposed to the truce. The ceasefire did not end more than six years of violence. Instead it provoked massacres against FIS families.

Less visible, however, has been the reduced pressure on security forces in the east and west of the country where fighters of the FIS's Islamic Salvation Army (AIS) have been helping the army against the GIA, with tip-offs and intelligence.

Perhaps even more important, the truce is leading to reconciliation between families and communities which have been on opposing sides for more than six years.

But with the FIS having failed to make any political gains, the party's leadership is split on whether to continue supporting the truce.

Those in exile, led by Bonn-based Rabah Kebir, insist it remains worthwhile. But Abdelkader Hachani, the FIS' third in command, has warned the ceasefire has dealt a severe blow to an already battered movement.

According to an FIS official close to Mr Hachani, the FIS leader now believes the army never intended following up the truce with a political agreement. Mr Hachani fears a truce devoid of political consequences will be short-lived.

"The FIS has nothing to do in force or substance with what Madani Mezrag [who heads the AIS contacts with the regime] is doing," says the official close to Mr Hachani. "We are trying to give as little importance as possible to the truce, which will end up in disaster and will lead to a loss of credibility of part of the AIS."

Disagreements among FIS leaders have been part of its short history.

But an end to support for the truce by Mr Hachani, who led the FIS in the elections six years ago, risks undermining the ceasefire and discouraging other groups from joining it.

The problem for the FIS political leadership is that the truce was negotiated between the AIS and the army and military security in exchange for the release of Mr Hachani and Abassi Madani, head of the FIS, from prison. FIS officials say talks were then to have started, to be followed by tangible measures such as the release of political prisoners and the lifting of the state of emergency.

Since then, however, Mr

Madani has been placed under house arrest, after sending a letter to Kofi Annan, United Nations secretary general, suggesting UN intervention in the Algerian crisis - a measure vehemently rejected by the Algerian government.

Although contacts are continuing between the army and the AIS, Mr Hachani and other FIS leaders have been sidelined, leaving the AIS separated from the political leadership.

Whether the regime wants more out of the truce than a neutralisation of the AIS has never been clear, although it is assumed that some elements believe the FIS, under a smaller and more palatable guise, could have a role in ending the crisis.

Until this month, the government had never officially acknowledged the truce existed and security officials described it as no more than



**Abdelkader Hachani has warned the ceasefire has dealt a blow to the already battered FIS**

a surrender. But then came a long analysis of the truce from the official Algerian Press Agency, which praised it and berated its opponents.

This is one element leading supporters of the truce, grouped around Mr Kebir, use to insist that the AIS army contacts will produce tangible political results. "We are 100 per cent supportive of the truce, and what other alternative is there for us?" a London-based official said.

According to the official close to Mr Hachani, however, the FIS leader is now trying to reorganise what remains of the party and prevent Mr Kebir from using the leadership in exile as a lobby for the AIS.

"We are not losing hope," the official said. "The blow dealt to the FIS by Mezrag is the strongest since the creation of the party but we have the conviction that the crisis remains and so does the void left by the FIS."



الجزيرة العربية



## Novel foods create novel dilemmas for trade partners

Americans are happy with genetically modified food. Europeans are deeply suspicious. Michael Smith explores the implications

Food is fast turning into a policy nightmare for the European Union. The European Commission was forced into a humiliating climbdown earlier this year when member states refused to back its plans for banning cattle parts from the food chain because of fears over BSE or mad cow disease. Now it is being forced to implement a policy on the labelling of genetically modified food which some Commission officials believe may be unworkable.

Nor is the Commission alone in having reservations. The US, where most genetically modified food originates, says labelling is unnecessary, while environmental and consumer groups say the system devised by the Commission and amended by EU nations will leave consumers only marginally the wiser about whether they are eating genetically modified foods.

Food companies are also concerned about the system they will end up with after

the EU finalises its regulations during the next few weeks. In short the EU is in danger of devising a policy which appeals to no one.

The rows both over cattle parts and food labelling highlight the political sensitivities surrounding food in Europe following the alarms caused by BSE, particularly since UK scientists two years ago identified a possible link between BSE and new variant CJD, a fatal disease affecting people.

Consumers in the US and other countries are more relaxed about what they eat and the US authorities have encountered little demand for labelling of genetically modified food.

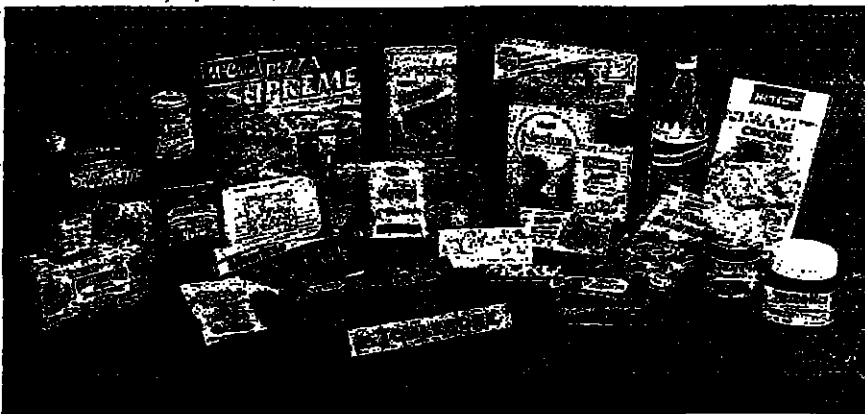
The European Commission drew up EU labelling rules in the wake of a rapid increase in genetically modified ingredients in food. Initially the rules will apply only to modified soya and maize but other "novel foods" coming to market face similar regulations. In any case, some 60 per

cent of processed foods contain soya derivatives and whereas US soya contained only about 2 per cent genetically modified crops two years ago, that proportion is expected to have risen to about 40 per cent this year.

The US government says it was not aware of any information that foods developed through genetic engineering differ in quality or safety from traditional products.

Greenpeace wants a safety first approach and ideally would like genetically modified food banned. "We still do not know the impacts of this genetic experiment with our food," it says.

Beuc, an organisation representing European consumers, is less antagonistic. "We do not suggest that genetically modified food is in any general sense unsafe," says Jim Murray, director. "But it should not be imposed on consumers." Beuc believes the EU's policies will lead to imposition.



Beuc, the European consumers group, does not know whether the above products contain genetically modified ingredients. But the public does not know either, it says

The Commission's initial proposal was that labels should be required on foods if genetically modified food can be detected in the form of protein or DNA. Where manufacturers were unsure they could use "may contain" labels.

The 15 EU countries accept the method of testing but 12 were against the "may contain" labels on the grounds that a system including them would lack clarity and transparency.

This week's compromise ditched the "may contain" labels and established the principle of a list of products which could be exempt from testing. It also proposed a threshold for genetically modified ingredients below

which labelling would not be required. The list and the threshold have yet to be determined.

The main objections of the US government and environmental and consumer groups relate less to this week's compromise proposals than to the testing methods long accepted by EU countries.

In a recent submission to the World Trade Organisation, the US said the EU's testing approach did not make sense. "We do not believe that the mere presence of DNA or protein resulting from genetic modification is sufficient to establish that a food is no longer equivalent to an existing food in composition or nutritional value."

Washington would ideally like no labels at all. European environmental and consumer groups want labels but say the EU's proposed system is inadequate. Greenpeace estimates that the EU's proposals would mean that more than 90 per cent of genetically modified food would not require labelling.

Like Beuc, it wants a system based on separating genetically modified crops from conventional ones. Each producer would have to certify whether they had used genetically modified ingredients and that would determine whether a label was needed. The US says separation is impossible and Brussels believes certification would be cumbersome.

## US in push for China's WTO entry

By James Kyong in Beijing and Guy de Jongh in Geneva

The US and China are striving to make progress on Beijing's World Trade Organisation entry negotiations before President Bill Clinton's visit late next month.

A senior Chinese official said both sides shared "a strong political will" to accelerate the 11-year-old membership application and have recently agreed to intensify negotiations. But he said many difficult issues remained to be resolved.

His tone appeared more upbeat than that of Madeleine Albright, US secretary of state, who said last month that there was "a way to go" before the US and China could make headway on WTO membership.

A US priority is to hammer out a market access agreement, committing China to permit or to broaden foreign participation in a variety of businesses, especially services. Insurance, distribution and accountancy are among the main areas in which greater access is being sought, diplomats said. Although China recently tabled an improved services offer in the WTO, it fell far short of the liberalisation demanded by the US and the European Union.

The talks are also said to be focusing on agriculture, another sector of keen interest to the US. One of Washington's chief goals is to persuade Beijing to accept strict disciplines on farm subsidies.

Diplomats in Beijing said that although the first visit

by a US president since China's 1989 crackdown on student demonstrators was important mainly for its symbolism, the US side was also keen that the summit yield some substantive gains.

"There has to be something concrete to show the American people," said one diplomat. Mr Clinton's visit is expected to coincide with the debate in Congress on the annual renewal of China's most favoured nation trading status.

The intensification of WTO talks came as a US-led initiative to persuade Beijing to move toward signing the Missile Technology Control Regime (MTCR), an international grouping which seeks to halt the spread of missile technology, appeared to run into complications, diplomats said.

India's five recent nuclear tests have so jolted the security balance in Asia that Beijing's reluctance to espouse the regime has deepened, the diplomats said. Beijing's disinclination on this issue may, in turn, diminish the significance of any statements which Washington is prepared to make on the vexed question of Taiwan.

US officials have privately linked Beijing's progress toward signing the MTCR with the satisfaction of a Chinese demand that Washington reduces contacts, and especially arms sales, to Taiwan. China has been pressing the US to deliver a written statement but not a formal communiqué on the Taiwan issue at the summit.

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## Germans sign big gas deal with Russians

By Ralph Atkins in Bonn

Ruhrgas, Germany's biggest gas distribution company, yesterday announced the cementing of a long-term "strategic alliance" with Gazprom, the giant Russian group, by signing contracts for the supply of up to 13bn cubic metres of Russian natural gas a year from 2008.

The deal, extending existing contracts to at least 2020, is worth about DM25bn (\$13.7bn) at current market prices. Ruhrgas said the deal would help ensure continuing supplies from Gazprom. It highlighted Germany's continuing dependence on natural gas from Russia, which provided 32 per cent of Germany's supplies last year - more than from any other country. Only 20 per cent of Germany's natural gas supplies are indigenous.

Ruhrgas and Gazprom are also stepping up co-operation in the transmission of Russian gas through Germany, which might lead to the construction of new pipelines. Mr Friedrich Späth, Ruhrgas chairman, said the closer co-operation would allow Gazprom "to use our well developed pipeline system to reach markets to the west of Germany, such as France and the Netherlands, in a

more cost effective way." Gazprom indicated supplies to the UK were also a long term possibility.

Other collaborative projects are expected in the Baltic region as well as on technological development. "Ruhrgas and Gazprom will co-operate in all areas where the feel co-operation is sensible," said Mr Späth. However, the two groups said they had not discussed swapping equity stakes as part of yesterday's deal - although Mr Späth did not rule it out as a future possibility.

Ivanovich Vyshinskiy, Gazprom chairman, said his company's agreements with other gas distributors in Germany would not be affected. He said it was important to extend contracts beyond 2008, "so we have enough time to ensure there are the resources available". Mr Späth added the length of the contracts would help Ruhrgas attract customers in Germany.

The deal extends, on largely unchanged terms, contracts between Ruhrgas and Gazprom dating back to 1970. Over the past 25 years, more than 330bn cubic metres of Russian natural gas, worth more than DM55bn, have been piped into Ruhrgas's systems.

## Israel to combat copyright piracy

By Avi Wachin in Jerusalem

Israel yesterday said it would launch the country's first police unit to combat intellectual property violations, following pressure by the US Trade Representative to crack down on offenders.

Earlier this month, the USTR placed Israel - and another 14 trading partners - on its Special 301 "priority watch list" for copyright violations.

The USTR estimates Israel's export-driven bootleg CD market cost US companies \$92m in lost revenues in 1996. The US also wants Israel to push new legislation through parliament, since current copyright regulations are based on a 1911 British-mandate law.

Business Software Alliance (BSA), a

Washington-based industry lobby, recently launched its first big campaign in Israel and has been pressing the Knesset to adopt the new bill.

According to the BSA, piracy in Israel cost software companies \$77m in lost revenues in 1996. Their studies show that 69 per cent of all software in Israeli companies was unlicensed in 1996. A piracy expert said last week that 70 per cent of computer programmes in Israeli homes were illegal copies.

In many emerging Asian markets, the piracy rate exceeds 90 per cent. But Israel, which has a per capita gross domestic product of \$17,000 and a thriving high-technology sector, is far worse than the western European average piracy rate of 43 per cent and 27 per cent in the US.

## BRITAIN

WORKER RIGHTS 'STRIKES WITHOUT BALLOTS, MASS PICKETING AND CLOSED SHOPS ARE OVER,' SAYS PM

## Blair aims to reassure businesses

By David Wighton and Robert Taylor

Tony Blair, the prime minister, insisted after publication of his government's proposals for worker rights that the UK would still enjoy the most lightly regulated labour market in the world. He promised to listen to employer concerns about the policy paper on rights.

However, employers remain concerned by the proposal that will allow unions to win automatic recognition where they can prove they have 50 per cent plus one members in a workplace. Mr Blair is determined to assure businesses it has nothing to fear from what is being proposed.

The paper proposes: ● A reduction in the legally required qualifying period of protection for an employee from unfair dismissal from two years to one. The government believes this will produce a "better balance between competitiveness and fairness" and ensure a more committed workforce.

● The removal of any maximum limit on awards from industrial tribunals in unfair dismissal cases.

● The introduction of index-linked limits on statutory awards and payments, subject to a maximum rate.

● That those dismissed for taking part in lawfully organised official industrial action "will be given the right to complain to a tribunal of unfair dismissal".

Targets for trade unions  
Companies which refuse to negotiate with unions

Employer	Area	Employees	% in index	Job type
Hallmark Estate Agencies	England and Wales	6,000	50 (approx)	Estate agents
Novor Products	London	350	80	Food processing workers
Papeton Walkers Crisps	Potteries, County Durham	400	80	Production staff
Northland Poultry	North Yorkshire	300	80	Process workers
Johnson Matthey	London	250	80	Manual and staff workers
Co-Steel	Sheffield, Kent	450	80	Manual and staff workers
National Maritime Museum	Greenwich	350	80	Museum staff
Lebus	Southampton	250	70	Production workers
Kent Salad	East Kent	250	80	Food processing workers
Duckers	Rotherham	220	80	Assembly and staff workers
Hazlewood Food	Sally	200	70	Process workers
FMAG	N Ireland	144	80	Service and workshop workers
Infelix	London	140	80	Staff
Baroness	South-east England	140	80	Textile workers
Viking Laundry	Scotland	127	80	Textile workers
Wear Dock	Sunderland	100-400	80-80	Shipyard
Parma Foods	N Ireland	100	70	Food

Source: Trade Union Congress

● An employer will not be able to discriminate against an employee on grounds of trade union membership or non-membership. The blacklisting of trade unionists will be prohibited.

"There can be no going back," Mr Blair wrote in a robust foreword to the government document. "The days of strikes without ballots, mass picketing, closed shops and secondary action are over. The paper seeks to draw a line under the issue of industrial relations law." Mr Blair said he believed

"modern and successful companies" already practised partnership at work and the proposals would encourage this.

He added that UK citizens could not be denied "basic canons of fairness - rights to claim unfair dismissal, rights against discrimination for making a free choice of being a union member, rights to unpaid parental leave - that are a matter of course elsewhere".

Margaret Beckett, the chief industry minister, said the policy document's aim

was to create a "new culture" in the workplace based on cooperation and consent. "There is nothing in what we are proposing that should worry industry," she added.

The paper emphasises that "the government is determined that all the changes proposed should avoid bureaucracy and unnecessary burdens on business". Mr Blair's views were partly backed by Adair Turner, director-general of the Confederation of British Industry, the principal employers' organisation. He said the

government had listened to key business concerns during consultations and the "approach to statutory recognition, while not welcome, should be workable".

However, he expressed concern that small companies would face "substantial burdens" with the provision that a union official would be able to represent a worker over a grievance and disciplinary matter. The CBI will press the government to ensure the procedure can only be used in serious cases.

## Support for employers' stance declines

By Robert Taylor and David Wighton

John Monks, general secretary of the Trades Union Congress, believes he has achieved a more pro-union package than seemed likely a month ago, although he will campaign against the 40 per cent threshold requirement to secure recognition in a ballot.

Adair Turner, director-

general of the Confederation of British Industry, initially found considerable support from the government for his opposition to the TUC's proposals, but the TUC seems to have made a comeback.

By mid April the TUC was convinced that Tony Blair was about to back the 40 per cent threshold without conditions in line with the CBI position. Mr Monks wrote to the prime minister, urging

him to maintain his position while promising a shift in the TUC's negotiating stance.

Mr Monks had demanded that a majority of those voting in a ballot would be sufficient to secure recognition, but then said the TUC would consider a 30 per cent threshold. This incensed some union leaders, who feared Mr Monks was revealing his bargaining hand, but

it began to change the mood in Mr Blair's office.

Growing support for the TUC on the Labour benches in the House of Commons and inside the cabinet also had an impact. Ian McCartney, the industry minister, played a big role in smoothing negotiations between his department and Downing Street. Mr Blair was closely involved in the negotiations, determined to ensure that

the government's pro-business credentials were not damaged.

Advisers warned that the TUC's New Unionism, with its emphasis on responsible partnerships in industry, could be put at risk if Mr Monks was humiliated over the issue of recognition. The prime minister began to appreciate the need to conciliate the unions without alienating the employers.

## Central bank 'hawks' see signs of slowdown

By Richard Adams in London

Two of the Bank of England's monetary policy committee "hawks" yesterday said they are beginning to see signs that growth in the economy is slowing. But the institution, the UK central bank, remains concerned that the jump in average earnings figures published last week may yet lead to higher prices and inflation.

Mervyn King, the Bank's deputy governor and an MPC member who has regularly voted for higher interest rates, yesterday told the House of Commons Treasury committee: "We've seen some signs of growth slowing down but not very strong signs yet."

Willem Buiter, an independent member of the MPC who voted to raise rates at every meeting for which

details have been published this year, said the economy is slowing, and will slow further this year. "I anticipate a further slowdown of the economy as a whole; hopefully, the slowdown will be more evenly distributed across the service sectors and internationally exposed sectors," Mr Buiter said.

But Eddie George, the governor of the Bank of England, told MPs that he was concerned by the recent upward trend in pay.

There was better news with the publication of figures showing weaker growth in retail sales. Volumes rose by 0.1 per cent in April, according to the Office for National Statistics. Together with a downward revision for March, it left the annual increase at 4.2 per cent.

Charles Goodhart, another independent committee member, told MPs that he shifted his stance away from

wanting higher interest rates at April's MPC meeting because of "benign" economic data. Mr Goodhart said the appreciation of sterling had an effect in slowing the economy "greater than would have been generated by a quarter per cent increase in interest rates".

Mr George confirmed that the committee will review the timing of the publication of its minutes, which are now published six weeks after each monthly meeting. The published minutes have been criticised recently by Wim Duisenberg, president of the European Central Bank, and Hans Tietmeyer, head of the Bundesbank, for creating uncertainty in financial markets.

The governor also said the Bank had tightened its internal security procedures after the Financial Times last month published voting details from April's meeting.

## MPs criticise multinationals

By Andrew Parker, Political Correspondent

Leading multinational companies were criticised yesterday by a House of Commons foreign affairs committee for not adopting policies to prevent the exploitation of child labour.

British Petroleum, Rio Tinto, Shell and Unilever said they had no worldwide minimum age when hiring staff, but pledged strongly to support the promotion of human rights.

BP was accused of complicity in human rights abuses in Colombia in 1996. Rio Tinto was accused of "stealing" through the lands of indigenous peoples in Indonesia by the World Development Movement. Shell withdrew from a project in Nigeria after objections from the Ogoni people, while Unilever was

criticised for its former operations in Burma.

BP, Rio Tinto and Shell told the committee they had included support for the United Nations universal declaration on human rights in their mission statements. Unilever said it was committed to operating in a responsible way.

However, Sir John Stanley, a Conservative party member of parliament and member of the committee, asked if the companies had a global minimum age when hiring staff.

BP said it had no minimum age but it regarded child labour as a human rights abuse. Sir John, a former Rio Tinto employee, said that amounted to a "thoroughly woolly" policy. After the other three companies confirmed they also had no minimum age, Sir John said he was "somewhat disappointed".

## Spielberg film group to invest in London venture

By Alice Rawsthorn in London

DreamWorks SKG, the Hollywood entertainment group, is to invest up to \$50m a year in a London-based film production company run by Neil Jordan, the Irish film director, and Stephen Woolley, his producer.

The investment by DreamWorks, co-founded three years ago by film director Steven Spielberg and David Geffen, the music mogul, reflects the trend for US movie studios to step up their investment in European production.

Miramax, part of the Walt Disney group, agreed last year to invest \$50m in launching HAL, a London-based production company run by former senior executives of Channel 4 Films.

MGM/UA has established a UK production subsidiary, and Sony Pictures recently unveiled proposals to invest up to \$80m in German film and television production.

Other US studios, including Disney's Buena Vista and Rupert Murdoch's 20th Century Fox, are also understood to be formulating plans to join forces with UK production partners.

The news of DreamWorks' deal coincides with efforts by Canal Plus, the French media group, to assemble a consortium of European investors to buy the film division of PolyGram, the Dutch entertainment company which has sizeable film production and distribution interests in the UK.

PolyGram is poised to be taken over by Seagram, the Canadian drinks and entertainment company, for more than \$10bn. The Canal Plus deal could save its film division from being folded into Universal, Seagram's Hollywood studio.

The Arts Council of England suffered more resignations yesterday when Lady Macmillan, who heads the advisory dance panel, and Stephen Phillips, who heads touring, announced they were leaving.

On Wednesday, the entire drama panel, led by theatre producer Thelma Holt and including playwright Sir Alan Ayckbourn and director Sam Mendes, resigned.

At issue is the restructuring proposed by Gerry Robinson, the new council chairman. The advisory panels will no longer have automatic direct access to the council. Mr Robinson, chairman of Granada, took over the council in April.

For all the speculation about how many pro-Ireland nationalists will support the Northern Ireland peace agreement, the region's chief electoral officer has made clear that the result of today's referendum will not provide an answer.

While the overall outcome is certain to be Yes, Pat Bradley, the independent electoral officer appointed by the UK parliament, says the result would be "for Northern Ireland as a whole; there's no way whatsoever whereby we can identify how a constituency or location voted".

The lack of a community breakdown will not matter if the result is an overwhelming endorsement of the accord. But if the result is less than 70 per cent in favour, nationalists in the No camp will challenge the credibility of the mandate, arguing that their community has not given its consent to the new structures.

Part of the reason for the uncertainty is that, for the first time, Northern Ireland will be voting not on a sectarian headcount but across party and religious lines.

The mechanics of the vote will do little to help settle the dispute. Ballot papers from the 1,228 polling stations in the 18 districts will be brought first to a regional centre to be verified and then transferred overnight to the count centre in Belfast, where they will be mixed up before the tellers get down to work.

Mr Bradley's announcement of the result - sometime tomorrow afternoon - will relate to the crude majority - whether Yes or No - and turnout figures for the whole of Northern Ireland and each district, with no regional or community breakdown.

In a general election, an experienced party official would be able to predict the result in a particular district, but that will not be possible this time, says Mr Bradley. "In essence you have people who would have been opposing each other now saying Yes together, and saying No together in some cases."

Mr Bradley adds that he has never witnessed such intense interest in an election - and he was co-chairman of the election commission in Bosnia and advised on South African and Russian elections.

"We have been inundated with inquiries. I don't mean inquiries from Northern Ireland. We have many unhappy people from San Francisco, from Cape Town, from South America, who appear to have no worries about spending money on the phone."

In total, 1,176,741 people are registered to vote in Northern Ireland. Mr Bradley expects the turnout to be higher than usual, but points out that traditionally there have been large regional disparities in the number voting.

The issue of turnout is vital for the Ulster Unionist party, the largest pro-British

## NEWS DIGEST

## LIBEL CASE AFTERMATH

## Former cabinet minister charged with perjury

Jonathan Aitken, the former opposition Conservative party cabinet minister, was yesterday charged with perjury, conspiracy to pervert the course of justice and perverting the course of justice. The charges were the latest twist in the extraordinary saga of his relationship with the Saudi royal family.

They follow the collapse of Mr Aitken's libel case last June against The Guardian newspaper over who paid the then minister's bill for a short stay at the Paris Ritz almost five years ago. The Guardian said it had been settled by an associate of the Saudi royal family, but Mr Aitken had claimed his wife had paid it.

Towards the end of the trial, evidence was uncovered which exploded Mr Aitken's defence and made him vulnerable to perjury charges.

Yesterday, Lord Pearson of Rannoch, a friend of the former minister, gave details of Mr Aitken's likely defence. According to Lord Pearson, Mr Aitken acted as an intermediary between the British intelligence service and the Saudi government over sensitive defence matters.

Lord Pearson says Mr Aitken was persuaded by the Saudis to lie about who paid his Ritz bill, because they felt it would be embarrassing to them for the nature of their relationship with him to be disclosed. Robert Peston, London

## ARMS-TO-AFRICA TELEGRAMS

## Rebuff by foreign secretary

Robin Cook, foreign secretary, last night refused to release Foreign Office telegrams about the arms to Africa affair. The House of Commons foreign affairs committee took the highly unusual step of asking MPs to decide whether Mr Cook should be ordered to hand over the telegrams.

The committee asked Mr Cook for the FO telegrams after reports that Peter Penfold, the British high commissioner to Sierra Leone, sent at least one message warning of the activities of Sandline International, the British company accused of breaching a United Nations embargo by supplying arms to Sierra Leone.

Diane Abbott, a Labour MP, sided with opposition members on the committee to ensure there was a majority in favour of asking the Commons whether Mr Cook should be ordered to release the telegrams. Committee members cannot order ministers to produce documents; the full House of Commons has that power. In a letter to the committee, rejecting disclosure, Mr Cook said telegrams often contained sensitive reports of exchanges with other governments. Andrew Parker, London

On Monday, Mr Smith and Mr Clarke were convicted on two counts of conspiracy to defraud, and Mr Cleeves on one conspiracy charge. The judge said: "The degree of dishonesty involved... constituted a flagrant disregard of the laws designed to protect investors." John Mason, London

## CAR PRODUCTION

## Output remains high

Car production remained virtually static at current high levels with a fall of just 0.7 per cent last month, year on year. Output amounted to 161,378, compared with 162,551 in April 1997. Output in the first four months of this year has continued the upward trend seen in 1997, with a 4 per cent rise to 623,839. Haig Simonian, London

## Peace poll will blur the edges of N Ireland's communities

For the first time, the region will be voting across lines of party and religion, writes John Murray Brown

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## Support for deal rising, says poll

A survey of 500 Northern Ireland voters published in yesterday's Irish Times newspaper showed 60 per cent backing for the peace agreement, four points up on the paper's figures a week earlier. There were 25 per cent against (unchanged) and 15 per cent undecided (down 4 points).

Market Research Bureau of Ireland said the proportionate redistribution of undecided votes would result in a 71 per cent Yes vote.

The latest survey showed increased support among unionist voters, with 40 per cent in favour of the deal against 35 per cent the week before and 43 per cent opposed from 45 per cent the week before.


Support among Sinn Féin voters in the sample rose from 63 per cent to 57 per cent.

party in the region, and for David Trimble, its leader. It calculates that if the Don't Knows - 20 per cent of the electorate according to a poll this week - can be persuaded to come out and vote, the likelihood is that they will plump for a Yes.

Critical to this will be the attitude of young first-time voters - the audience whose support Mr Trimble sought when he appeared on stage with John Hume, leader of the moderate nationalist Social Democratic and Labour party, at Tuesday night's rock concert held to mark the accord.

Philip Stephens, Page 18

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## THE ARTS

## MUSIC IN LONDON

## Hit and miss with visual aids

David Murray is disappointed by Robert Lepage's dramatisation of Mahler's song cycle

At the Lyric Theatre Hammersmith, its artistic director Neil Bartlett is strenuously promoting "music theatre" in the broad sense of anything theatrical that involves music, one way or another. His newest exhibit (a co-production with Cultural Industry, Berlin's Hebbel Theatre and New York's Lincoln Centre) offered a tantalising prospect: Mahler's heart-breaking cycle *Kindertotenlieder*, "Songs on children's deaths".

Lepage's clumsy staging of *Kindertotenlieder* looks dead in the water

staged – some way or other – by the Canadian director Robert Lepage.

Never having seen a Lepage production that failed to offer some magical stage-visions, and usually much more besides, I am heartily sorry to report that his *Kindertotenlieder* looks dead in the water. Given the open-ended brief, his imagination seems to have gotten only as far as "Make the mezzo-soprano a modern American mother, out" – selling up in England to return to the US, and rehearsing her last London recital only to cancel it, and give her a young daughter who doesn't want to go back, and also likes playing dead...

Then, apparently, he got stuck. The sketch never went anywhere. The thin result is flatly walked through here, and the Franco-phone Lepage has never been much good at making actors deliver English lines with conviction. Rebecca Blankenship goes at the songs with some intensity, but as if Mahler had written extreme dynamic "hairpins" on every other note, not a good idea – and she gets only a piano accompaniment, which inevitably reminds us (despite Paul Suits' musicianly efforts) how much more potent the orchestral version is.

Lepage's admirers, including me, cannot but be disappointed. No Lepage show has been so devoid of visual inspiration, or so clumsy. The deadly stage-wait before the final "scene", however, while stagehands interminably jump the furniture off, is surely not his fault.

Without visual aids, two young soloists of international quality were much more exciting in the Wigmore Hall last week. The petite Bulgarian mezzo Vesselin Kasarova sang serious Schubert, Brahms and Schumann exquisitely on Tuesday – to a full hall, because her CDs have already whetted many appetites.

A cultivated mid-voice with fresh, clear diction, a sumptuous contralto timbre further down and a confident, penetrating top (perhaps a touch steely): ally those to scrupulously communicative intelligence, and you get an irresistible artist. Rather too exquisite in Brahms, maybe? – for a passing lark in "Von ewiger Liebe", indeed a silent one, she sounded aggressive and overbearing, insensitive with Schubert, loud and bumpy in Brahms' suave piano-parts (we could hear

why her recital counted only as a "near hit", or a near-miss: her accompanist Friedrich Haider was. On the kindest guess, he gravely misread the Wigmore acoustic; in blunt fact he sounded aggressive and overbearing, insensitive with Schubert, loud and bumpy in Brahms' suave piano-parts (we could hear

Kasarova only in the interstices). A pity. The soloist the next night was Ukrainian-born Constantin Lifschitz, only 22 but wise beyond his years. He is not a showy pianist; by choice his touch is pithy, his pedalling very spare, as if to ensure that we miss not one sig-

nificant note. In Beethoven's op. 126 Bagatelles – very late, quirky and "difficult", chock-a-block with compacted fractures – we seemed to hear Beethoven thinking aloud. That was pretty extraordinary. So were the op. 101 Sonata, and Schubert's four Impromptus D699. Lifschitz changed his key-



Intense: Rebecca Blankenship singing Mahler's heartbreaking cycle, "Songs on children's deaths"

## OPERA

## Cinders glows in Antwerp

Massenet's *Cendrillon* ("Cinderella") was seen in Wales to general delight, a year or two ago, as staged by Robert Carsen in Michael Levine's designs. In fact that was a co-production with Toulouse, Monte Carlo and Turin – and the Flanders Opera, who reproduced it with their own performers recently in Ghent and Antwerp.

Wisely, they have borrowed the WNO's heroine, young Rebecca Evans, whose fleet, eager delivery in the upper register is complemented by unexpected weight and expressive depth in her lower voice. She looks exactly right, shy but plucky, and in *Cinderella's* elaborate Act 3 distress – the librettist's arbitrary twist to the story – she opens out into heart-tugging musical drama. If Rossini's *Cenerentola* is far nearer a perfect comic opera than *Cendrillon*, Massenet's comic *des fées* at least strikes silver (not gold, quite) in the delicate feeling of its later scenes. The earlier stuff is more conventional, enlivened chiefly by the suppressed warfare between father and step-mother, and pretty trios for the three "ladies".

In Flanders, Papa Pandolfi is the veteran baritone Michel Trempont, whose honest, stylish



Played with gusto: Michel Trempont and Joyce Castle

line is positively enhanced by a touch of frailty. *Cinderella's* haughty step-mama, Madame de la Hattière, is impersonated with gusto by Joyce Castle, and abetted by Marie-Noëlle de Calletay and Mireille Capelle as her daughters – neither ugly nor horrid, just gormlessly hearty.

Charlotte Hellekant, tall and slim, sings an irresistible Prince Charming: beautiful phrasing, affecting timbre, a modestly towering presence. Marc Minkowski, the Flanders Opera's new music director, leads an alert account of the score, occasionally strident when he strives to find more pas-

sion in the music than is really there.

In the context of this production, however, small imbalances melt away in the general glow. Carsen and Levine have been regular collaborators for a long time. Typically, they have reduced *Cendrillon* to a minimum of stage-furniture whilst granting their singers all the room they need for establishing their characters, and singing straight out. They all give Massenet a great run for his money.

D.M.

## PARIS THEATRE SACHA GUITRY PLAYS

## Sex without tears

Adultery may threaten US presidents but it remains the mainspring of Paris boulevard theatre. Indeed, the chains of marriage are so heavy, French playwright Sacha Guitry (1885-1957) said, there needs to be at least three to carry them. Guitry himself survived several marriages, an unrecorded number of mistresses and between 1901 and 1953 wrote 130 plays, all set in grand bourgeois Paris households and all with infidelity at their theme. Guitry himself starred in most of them. Excepting a short eclipse after the war, Guitry has defied social and sexual fashions and remained on the billboards.

Paris has been unusually flush recently with Guitry productions. After a highly successful run at the Montmartre theatre, Le Funambule, Guitry's play, *Tou, of 1947* has been replaced by a Feydeau farce, *Monsieur Chasse* – same sort of subject, just a slightly earlier period. And at the Nouveau Théâtre Moutetard recently, *Le Nouveau Testament* of 1934, which Colette described as a masterpiece, was packed with the brilliant quips and lightning conversational exchanges which are Guitry's stock-in-trade. After 20 years of marriage Monsieur Marcellin no longer cares much for Madame. She finds consolation with the son of Monsieur Worms, whose Madame it transpires, had a youthful fling with Monsieur Marcellin before

Madame Marcellin came along. No, the son is not Monsieur Marcellin's – Guitry loves sexual misbehaviour but stops short of incest, just as his profound cynicism never tips over into cruelty or despair. A veteran producer of Guitry, the director of *Le Nouveau Testament*, Jean-Laurent Cochet, also acts Monsieur Marcellin, infusing every line with depths of world-weary cynicism. The set is

After two hours of verbal slaps and tickles it all ends happily in an illegitimate embrace

simple – leather armchairs against black velvet drapes – and the rest of the cast highly competent, although more than a touch older than the middle-aged characters specified by the plot. The pace is very brisk. Only the *dénouement*, a long philosophical monologue by Monsieur Marcellin about the wasteful hypocrisy of not letting the other partner go when love has turned to ashes, drags.

*Le mari, Le femme et L'amant* of 1919, playing at the Théâtre des Variétés, where for 25 years Guitry put on all his new plays,

is an even better work. The theme, again, is how to accommodate exciting sexual sidelines in lacklustre marriages with a minimum of inconvenience or emotional commitment.

Layabout bachelor Jacques Ménard, played by Pierre Arditi, is the lover of the wife of naive Monsieur Audouin (Bernard Murat who also directs), an inventor who has never invented anything and who happens to be his best friend. The two lovers decide on a period of abstinence which drives everyone involved, even Monsieur Audouin, to a state of nerves fragile even by Gallic standards.

Guitry then torments his characters to distraction by exposing them to the blatant bliss of a couple of newlyweds and by marrying off the lecherous butler and barmaid – all cameo roles as brilliantly performed as the main parts. With consummate sophistry, Jacques Ménard convinces his mistress that their puritan attempt at self denial has proved contrary to human nature, she being to all intents and purposes programmed for infidelity and thus responsible for everyone's unhappiness in attempting to remain chaste.

Then suddenly, after two hours of verbal slaps and tickles and cracking memorable aphorisms, it all ends in an illegitimate embrace. Everyone is happy with his libidinal lot, the varnish of middle-class hypocrisy has been painfully peeled away and carefully reapplied. Most importantly, no-one has got hurt.

Nicholas Powell

## Bartók taken to the cleaners

Clement Crisp is appalled by the activities of the darling of Belgian dance

Who are these ghastly people, and why are they infesting an innocent and unprotesting stage? This, I have little regret in saying, is my reaction to the activities of Anne Teresa De Keersmaeker and her Rosas dance troupe. Keersmaeker is the darling of Belgian modern dance, and present incumbent of the dance chair at the Théâtre Royal de la Monnaie. Her trump card is the ace of gloom, and her dance pieces are anxious, lumpy, and boast a fit-where-it-touches musicality. A past visit to London brought an assault on Mozart that should have seen her condemned to the hulks. The Brighton Festival showed her on Monday night at the Gardner Centre in a small outrage entitled *Mikroskosmos*.

It is a decade old, and does not wear its years with any grace – but then, grace is not what Keersmaeker is about. Her dances are exercises in a curious loping, body-slumping, provocative disgruntlement, and suggest nothing so much as a half-term frolic in a reformatory.

To go into as little detail as is decently possible, I record that the stage is dressed with a few old red chaise seats, a clever arrangement of rows of Sans-serif – a boring succulent known as "Mother-in-law's Tongue" – and two pianos on a raised platform behind. In the first part, the fine pianists – Laurence Cornet, Stéphane Ginsburgh – play seven of Bartók's piano duets, while Martin Kivvady and Samantha van Wissen indulge in a courtship ritual too tedious to contemplate. The dancers quit the stage, and the pianists offer us a commanding but lengthy – and how lengthy only its victims can know – performance of some pages from György Ligeti. Splendidly played; monolithically dull.

Some 50 minutes have now elapsed since these Olympic Games of Angst began. The Duke Quartet now appears to give a very well-judged performance of Bartók's fourth string quartet, which music must have offended Keersmaeker in unfathomable but deeply wounding ways, because she takes vicious revenge. She brings on four dancers, in black shifts and boots, having the air of delinquents who have gained access to banned substances. The manner is of teenage misrule. Skirts are cheerily raised to reveal white knickers. They crouch, click heels, and romp in aggressive, faux-naïf fashion. These are the Balthus Babes, and unless your taste runs to such juvenile charms – but then, this is a Belgian company – the effect is vastly off-putting.

Poor Bartók is taken to the cleaners. The score is a marvel, here degraded for public delectation, and nowhere more so than in the miraculous "right-music" movement where a spine-shanked mademoiselle trudges over the stage, her little chams galumphing after her. I longed for war to break out, or the Last Trump to sound. Alas, vain hope. The pots of Sans-serif weren't looking in tip-top condition by the end of the evening, and I felt as if I'd just done 10 rounds with Frankenstein's Monster. Come to think of it, I had.

Performance sponsored by Virgin Express.

## INTERNATIONAL

## Arts Guide

## AMSTERDAM

**OPERA**  
Netherlands Opera, Het Muziektheater  
Tel: 31-20-557 8911  
Tosca: by Puccini. New production by Nikolaus Lehnhoff, conducted by Riccardo Chailly, with a cast including Bryn Terfel; May 22

## BARCELONA

**EXHIBITIONS**  
Fundació Joan Miró  
Tel: 34-3-329 1908  
www.bcn.fundamiro.es  
Private negatives, public fictions: 100 photographs from the collection of the Musée National d'Art Moderne in Paris; to Jul 12

Museu Picasso  
Tel: 34-3-319 6310  
Egon Schiele: The Leopold Collection. 152 paintings and drawings on loan from the largest private collection of Schiele's work in the world; to May 31

## BERLIN

## CONCERTS

Philharmonie  
Tel: 49-30-2548 8354  
Berlin Philharmonic Orchestra: conducted by Bernard Haitink in works by Bartók and Brahms. With soloist Andrés Schiff; May 23, 24, 25

## CHICAGO

**CONCERTS**  
Orchestra Hall  
Tel: 1-312-294-3000  
www.chicagosymphony.org  
Chicago Symphony Orchestra: conducted by Daniel Barenboim in Beethoven's Symphonies Nos. 3 and 4; May 22, 23

## CLEVELAND

**EXHIBITION**  
Cleveland Museum of Art  
Tel: 1-216-421 7340  
www.cleartmuseum.org  
Gifts of the Nile: Ancient Egyptian Faience. Display of ceramics, known as faience, a mixture worked by the Egyptians and regarded by them as magical. Brings together over 200 works, including statuettes of kings, gods, and animals, and inlaid boxes ranging over 5000 years. Includes works borrowed from public and private collections in the US and Europe; to Jul 5

## GLYNDEBOURNE

**OPERA**  
Glyndebourne Festival Opera  
Tel: 44-1273-315 000  
● Così Fan Tutte: by Mozart. New production by Graham Vick, conducted by Andrew Davis. Cast includes Alan Ogie and Barbara

Fittell. With the London Philharmonic Orchestra; May 24  
● Katya Kabanova: by Janáček. Revival of Nikolaus Lehnhoff's production, conducted by Yakov Kreizberg, with designs by Tobias Hohels. Cast includes Amanda Roocroft. With the London Philharmonic Orchestra; May 23, 26

## LONDON

**CONCERTS**  
Royal Festival Hall  
Tel: 44-171-590 4242  
The Royal Opera: Die ägyptische Helena, by Strauss. Concert performance, conducted by Christian Thielemann. Cast includes Deborah Voigt and Thomas Moser; May 22, 25

## EXHIBITIONS

Hayward Gallery  
Tel: 44-171-261 0127  
www.hayward-gallery.org.uk  
British Kapoor: one of a generation of British artists who came to prominence in the 1980s, Kapoor creates sculptures using stone, steel, and mirrored metal. This is the first major showing of his work in a public gallery in Britain, and includes massive new stone pieces; to Jun 14

Tate Gallery  
Tel: 44-171-587 8000  
Per Kroghly (b.1835): continuing the series of contemporary sculpture displays, this exhibition includes paintings, sculptures and a specially constructed brick structure by the Danish artist; to May 28

## THEATRE

Almeida Theatre  
Tel: 44-171-359 4404  
The Iceman Cometh: by Eugene O'Neill. Howard Davies' production stars Kevin Spacey, Rupert Graves and Clarke Peters; ends tomorrow

## MUNICH

**CONCERTS**  
Philharmonie Gasteig  
Tel: 49-89-5497 8181  
● Bavarian Youth Orchestra: conducted by Reinhard Steinberg in works by Brahms and Berlioz. With piano soloist Paul Rivinius; May 27  
● Iv Pogorelich: recital by the pianist of works by Rachmaninov, Granados, Prokofiev and Chopin; May 25

## OPERA

Bayerische Staatsoper  
Tel: 49-89-2185 1920  
The Midsummer Marriage: by Michael Tippett. Mark Elder conducts a production staged by Richard Jones, with a cast including Alison Hagley and Philip Langridge; May 22

## NEW YORK

**CONCERTS**  
Lincoln Center  
Tel: 1-212-721 6500  
www.lincolncenter.org  
New York Philharmonic: conducted by Kurt Masur in Shostakovich's Symphony No. 7, "Leningrad"; Avery Fisher Hall; May 22, 23

## EXHIBITIONS

Guggenheim Museum  
Tel: 1-212-423 2500

www.guggenheim.org  
Visions of Paris: Robert Delaunay's Series. Previously seen in Berlin, this exhibition focuses on the series paintings made by the artist in Paris, of subjects including Saint-Séverin and the Eiffel Tower; to May 24

Metropolitan Museum of Art  
Tel: 1-212-537 5500  
www.metmuseum.org  
Augustin Pajou, Royal Sculptor: retrospective devoted to works by the French sculptor (1730-1809), successful in the French Royal Academy of Painting and Sculpture and a favourite of Louis XV and Louis XVI. Includes marble statues, portrait busts, terracotta sketch-models, and drawings including designs for the opera at Versailles; to May 24

Museum of Modern Art  
Tel: 1-212-708 9480  
www.moma.org

● Chuck Close: retrospective of the American painter, comprising 90 works and ranging across his career; to May 26

● Fernand Léger (1881-1955): retrospective comprising some 220 paintings and drawings by the early modernist. Previously seen in Paris and Madrid, the exhibition will transfer to the Léger museum in Blois; to May 27

## THEATRE

Broadhurst Theatre  
Tel: 1-212-239 6200  
The Judas Kiss: by David Hare. Richard Eyre directs Liam Neeson as Oscar Wilde in this Almeida Theatre production premiered in London

Brooklyn Academy of Music  
Tel: 1-718-636 4100  
The Royal Shakespeare Company presents a two-week season featuring five productions. Matthew Ward's production of Hamlet opens tomorrow, with Alex Jennings in the title role. Krapp's Last Tape, by Samuel Beckett, opens next week, as does Shakespeare's Henry VIII. Everyman and Cymbeline follow the week after

## PARIS

**CONCERTS**  
Théâtre des Champs Elysées  
Tel: 33-1-49525050  
● Natalie Dessay: recital by the soprano, with the Orchestra de Paris conducted by Jun Markl. Programme includes works by Ravel, Granados, Debussy, Rachmaninov and Glière; May 27  
● Vienna Philharmonic Orchestra: conducted by Seiji Ozawa in works by Brahms and Stravinsky; May 28

## SAN FRANCISCO

**CONCERTS**  
Davies Symphony Hall  
Tel: 1-415-864 6000  
www.sfsymphony.org  
● San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in works by Mozart, Lukas Foss, Stravinsky and Berg. With soprano Renée Fleming and horn soloist A David Kreibitz; May 22, 23  
● San Francisco Symphony Orchestra: conducted by Michael Tilson Thomas in Mahler's

Symphony No. 2, Resurrection. With soprano Rebecca Evans and mezzo-soprano Florence Quivar; May 27

## TOKYO

**CONCERTS**  
Suntory Hall  
Tel: 81-3-3584 9999  
● City of Birmingham Symphony Orchestra: conducted by Sir Simon Rattle in works by Brahms and Beethoven. With violin soloist Ida Hendel; May 26  
● London Symphony Orchestra: conducted by Sir Colin Davis in works by Sibelius; May 24

## TV AND RADIO

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## EUROPEAN CABLE AND SATELLITE BUSINESS TV

● **CNN International**  
Monday to Friday, GMT:

06:30: Moneyline with Lou Dobbs  
13:30: Business Asia  
19:30: World Business Today  
22:00: World Business Today Update

● **Business/Market Reports:**  
05:07: 06:07: 07:07: 08:20: 10:20: 11:20: 11:32: 12:20: 13:20: 14:20.  
At 08:20 Tanya Beckett of FTV reports live from LIFFE as the London market opens.

## COMMENT &amp; ANALYSIS



PHILIP STEPHENS

# Republic's revival

Those unionists in Northern Ireland who fear a Yes vote in today's referendum should take another look at their prosperous neighbour

If Northern Ireland's unionists need a reason to vote for the Good Friday settlement, they have only to glance southwards. Slipping off the blindfold of history, they will discover that the state they were born to fear has become a neighbour to envy. Where once they saw peasants and papal idols, there are now Mercedes limousines and microchip plants. A land of potato growers has given way to a nation of wine drinkers. The Irish Republic has broken free. It has no need of Ulster's six counties.

Two referendums are being held today on the island of Ireland. The tension these past few weeks has been in the North. We have seen Ulster unionism split between those willing to take David Trimble's gamble for peace and those, like Ian Paisley, who would resist the locks against hope. We have witnessed the cack-handed release of terrorists, fueling the legitimate concerns of unionist waverers. We have listened to the countervailing pleas for a Yes vote from Tony Blair and Bill Clinton.

Yet it is the promised outcome of the plebiscite in the South that defines the transformation in Irish politics that makes peace in the North a possibility. The voters of the Republic are poised to renounce by an overwhelming margin their legal claim to the adjoining territory.

The assertion of sovereignty inscribed in Eamon De Valera's 1937 constitution is to be replaced by the solemn pledge that Ulster's future lies with the consent of its people. For an Irish state haunted from its creation by partition, it marks a momentous self-awakening. The IRA has

finally lost. If only unionism could grasp the significance. The opinion polls tell us that between two-thirds and three-quarters of the Republic's voters have already decided to step out of De Valera's shadow. The final count could well be higher. Irish unity was the *raison d'être* of the 1937 constitution. Yet the change has been proposed by a government led by Fianna Fáil - De Valera's own. It is backed by all the significant opposition parties.

Ten, perhaps even five years ago such a referendum would have been lost. The emotional attachment to unity would have elbowed aside the cold reality that Ulster could never be coerced into an all-Ireland state. The prospect of peace in the North has encouraged a different perspective. So too has the accretion of revulsion at the mindless violence of Sinn Féin/IRA. Much more important than either, the South has recreated itself.

Partly it is a question of prosperity. Others dream of economic miracles. Ireland has delivered one. The South's economy has grown by an average 9 per cent annually for the past five years. Only recently has inflation risen much above 2 per cent. A nation that during the 1950s lost a third of its labour force to emigration now depends on returning workers to operate its high-technology factories. Large subventions from Brussels are only part of the explanation.

Mr Blair likes to say that he has taken the ideology out of the business of economic management. Yet Irish politicians set off along the so-called third way long before it appeared on New Labour's map. Chancellor Gordon Brown's mantra of

stability comes straight from the textbook written by Ruarí Quinn, the former finance minister who now leads the Irish Labour party.

Dublin governments - past and present - are as business-friendly as they come. A steady stream of inward investment has become a torrent. For most manufacturing companies the effective corporation tax rate is 10 per cent. The capital gains rate is 20 per cent. Overseas investors are welcomed with open arms - and hefty incentives. Yet economic liberalism coexists with government activism. A national wages framework has held down inflation. Radical overhaul of the education system has delivered the highest proportion of graduate scientists in Europe.

The result? A decade ago national income per head stood at about two-thirds of that in Britain. Now it is higher. The comparison with Northern Ireland, marooned in its dreary dependency on state intervention and subsidies, is more flattering still. A stroll around Dublin's elegant galleries and restaurants followed by a brief encounter with Belfast's barricades tells you all you need to know.

Economics, though, is only half the story. The political and cultural shifts have been equally profound. The theocratic state established by De Valera and demolished so effectively by unionists is giving way to a modern secular society. The first blow against the 1937 constitution was struck three years ago when a referendum lifted the bar on divorce. Homosexuality has been decriminalised and contraception legalised. As the church has been rocked by scandal so the civil law

has been stripped of its Catholic morality.

Amid this new-found wealth and national self-confidence, the South has shed the burdens of history. It has escaped the prison of Anglophobia. Irishness is no longer defined by territory occupied or claimed, but by the vibrancy of its national culture. Its role in Europe has rebuilt the Republic's self-esteem and seen it reconnected to the Irish diaspora.

In six months Dublin will make a further declaration of its independence from the old imperial power by joining the vanguard of Europe's single currency. While British politicians fret and squabble, the Irish will swap their punts for euros.

Those who argue that European integration is a plot to subvert nationhood are every day defied by the experience of the Republic. Let us not delude ourselves. There are caveats to be entered. Such heady economic growth rates cannot continue indefinitely. Booms in the property and stock markets presage the risk of an inflationary bust. The act of joining economic and monetary union will oblige the Dublin government to cut interest rates at the moment it might otherwise be raising them. After so much gain some pain is overdue.

But the temporary reverses of the economic cycle will not alter the underlying picture. We used to think of Ulster as the prosperous industrial neighbour of a backward agrarian society. Mr Paisley and his supporters on the wilder fringes of unionism can summon up the old demons of Irish nationalism only by pretending nothing has changed.

Reality defies them. Those who fear that a Yes vote would be the prelude to Irish unity should compare the dismal condition of their lives with that of their prosperous southern neighbours. The abiding fear of Ulster unionists is that the British state to which they swear allegiance no longer wants them. They might ask themselves another question. Why should the Republic take a different view?

## LETTERS TO THE EDITOR

### Withholding tax will threaten UK position as capital market centre

From Mr Stanislas Yassukovich.

Sir, It is rare that one can witness financial history repeating itself. A new EU directive seeks to harmonise at 20 per cent a withholding tax on income from securities and deposit accounts with the option for the member states unwilling to tax non-residents that they report payments to the home country of the beneficiary (Brussels agrees tax proposal, May 21).

In terms of its likely consequences, this initiative bears an uncanny resemblance to the interest equalisation tax imposed by President Kennedy in 1958. The purpose of this measure was not to raise revenue but rather to alleviate the balance of pay-

ments deficit caused by massive direct investment abroad by US corporations. But the result was that the international capital market, firmly fixed in New York after the second world war, moved to Europe.

It settled first in Switzerland, where it might have stayed had the Swiss reformed their stamp tax and work permit practices. It was then made welcome in London where, as the Euro-bond market, it laid the foundation for the rise of London as the world's premier financial centre.

The only withholding tax regime neutral enough to accommodate international capital market activity is one where the rate is fixed at zero. The proposed directive

may harmonise tax in the EU but it cannot do so for the rest of the world. If the UK is forced to tax at source income from international financial assets held by non-residents in London it will have begun the process of destroying London's position as an international finance centre, a loss to both the UK and the EU.

How ironic that, at the same time as it is trumpeting the arrival of the euro as a challenge to the global role of the US dollar, Europe is about to give back to the US its position as the capital market centre for the world.

Stanislas Yassukovich, S.M. Yassukovich & Co, 42 Berkeley Square, London W1X 5DB, UK

### Heady form of power

From Mr David Read.

Sir, The president of the Bundesbank, Hans Tietmeyer, has been quoted as saying that the European Central Bank should explain the reasons for its decisions to the general public but should not be accountable to national bodies.

This sounds remarkably like power without responsibility, an exciting and heady prospect for a group of civil servants.

David Read, 29 rue de Chêne-Bougeries, 1224 Chêne-Bougeries, Switzerland

### A preferred portrayal

From Mr Sam Goldman.

Sir, Judy Dempsey, in her report, "Eight killed in West Bank and Gaza clashes" (May 15), said: "...700,000 Palestinians fled or were driven out of their homes during the [1948] Arab-Israeli war".

Miss Dempsey may not have been around in 1948, but I would have preferred it had she said, "when five Arab States attacked the newly created Israeli State in 1948 and encouraged most of the 700,000 Palestinians to flee from their homes", because that is factual.

Jordan walked into the West Bank allocated to the Palestinians by the UN before attacking Israel. They stayed there for 19 years until the 1967 war and never attempted to solve a refugee problem they helped create. When Israel attempted to build new houses for the refugees in Gaza, it was condemned by successive annual UN resolutions.

S. Goldman, 81 Stonegate Road, Leeds LS6 4EZ, UK

### The real enemies of low wage earners

From Mr Robert Madelin.

Sir, The full critique by Alan Simpson and Colin Hines of the multilateral trading system (Letters, May 20) seems not to have been widely available at the World Trade Organisation jubilee party this week. But they are certainly wide of the mark when they attribute to open trade the undeniable increase in wage inequalities in the developed world.

As demonstrated in a rather good recent Brookings Institution demolition of such "globalisation", the growing spread between high and low wages is if anything more marked in sectors where there is no real scope for foreign competition, such as health care or public road transport, than in internationally tradeable goods and services.

This striking fact suggests that the real enemies of the low wage earner are technology, a clear trend to employ ever more skilled workers, and the increased pressure created in the market place by other unskilled workers,

whether they are born in the country or recently arrived immigrants. It is perhaps easier and more popular to blame it all on foreign trade, but to do so only diverts attention from the real and achievable needs of Europe: better education for the unskilled and a competitive open economy to generate a tax-take adequate to fund that training.

Robert Madelin, 37, Avenue de l'Yser, Brussels, Belgium

### 'No' jeopardises Irish constitution change

From Mr Thomas Hutchison McFadden.

Sir, The Good Friday accord provides both for the release (under certain conditions) of paramilitary prisoners and for Dublin's abandonment of its constitutional claim to the six counties of Ulster now held by Britain.

What the "No" camp seems to overlook is that London can release those prisoners regardless of the outcome of Friday's vote, but Dublin is unlikely to change its constitution if the Good Friday accord is not approved. Does the "No" camp imagine unionists will be better off

with Dublin's claim still standing and pro-"Yes" London snubbed?

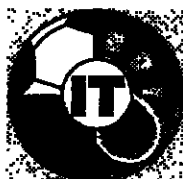
Thomas Hutchison McFadden, Pembroke College, Oxford, and Poshkin House, 48 Ladbroke Grove, London W11 2PA, UK

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers worldwide. Letters may be typed or handwritten (but not on lined paper). Letters should be typed and not handwritten. Letters should be typed and not handwritten.

## Financial Times Seminar

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SEMINAR:  
TECHNOLOGY IN SPORT  
JUNE 3, 1998

In the Multi-billion pound Sports industry, what part will technology play in its ongoing success?

Whether you are running a sporting institution in the public or private sector, there are similar demands on competitiveness, and driving customer awareness, loyalty and ease of access.

This seminar will discuss how leading sporting institutions have approached these issues, and are maximising the revenue opportunities. Guest speakers are:

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**Roger Shackleton of RSG International Ltd** will discuss the complex systems required to handle the broad media information, accreditation, ticketing and match/event analysis requirements for the media and public in major sporting occasions. He will highlight the systems put in place for the Rugby World Cup.

**Stephen Wilder of Lords** will discuss the technology programmes being used by the England and Wales Cricket Board (ECB) to drive development of the game at professional and recreational levels.

Commencing with breakfast at 08.00 am and running for approximately 2 hours, the seminar will be held at Financial Times, One Southwark Bridge, London SE1 9HL.

Cost: £50.

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No FT, no comment.

## Demise of La Vieille Dame

Société Générale de Belgique may become a symbol for Europe, says Neil Buckley



A letter writer to Belgium's *Le Soir* newspaper recalled being told by his father in 1930 - as they gazed over the sprawling factories of the Meuse valley, all controlled by Société Générale de Belgique: "If there were no La Générale, Belgium would be no more."

If that is true, Belgians and all Europeans should take note. After 175 years, Société Générale de Belgique will soon be no more, at least as an independent group. Its demise is a case study, from the capital of bureaucratic Europe and just one month after the launch of the euro, of what might happen to European national champions - and even of the political consequences that might result.

Suez Lyonnaise des Eaux, the French utility giant, this week launched a \$4.8bn bid for the one-third of the company it does not already own. Suez says it will keep it as a kind of branch office in Brussels. Many observers predict it will just fade away. The move is the end of a lengthy corporate history, the final chapter of which began 10 years ago when Italian raider Carlo De Benedetti launched the most audacious - and bitterly fought - European takeover battle of the 1980s. His assault was defeated by Suez, though one-third of the company remained in Belgian hands.

On the same day that Suez announced its intention to absorb the rest of La Générale, it was confirmed that Belgium's biggest bank, Générale de Banque - spun off by La Générale into a separate subsidiary in the 1930s - would be absorbed into Fortis, the Belgo-Dutch financial group. The two events can be taken as a metaphor for the erosion of national boundaries in the new corporate Europe.

La Vieille Dame, as La Générale is nicknamed, has been a model for Europe before. Founded as a company to finance industry in the Catholic south of the United Netherlands, it was older than Belgium, bankrolled the post-independence government, and built a business empire stretching from Argentina to China. By 1934, the company was so closely associated with the state that one newspaper

greeted a new government - composed mostly of former La Générale directors - with the headline "Société Générale opens a new subsidiary".

The neighbours were impressed. La Générale is often credited as a model for Germany's universal banks, France's own Société Générale, and even the *zaibatsu*, the conglomerates that dominated pre-war Japan. But La Générale partly brought about its own downfall. Analysts say it lost the innovative edge that had fired it a century before. It was late shifting from heavy industry to service-based businesses, and never invested in high technology. Its sprawling structure also made it difficult to manage, and resulted in a lack of any clear strategy.

"It was run too long for

the benefit of the directors," says Kristoff Van Houtte, senior analyst at Corley & Co, the brokers. "They were not really adding value for shareholders."

Mr Van Houtte and other analysts suggest the end of La Générale as an independent company could lead to the disappearance, or at least rationalisation, of a number of other, similarly run Belgian holding companies, many of which sprang up in emulation of it. "There were certainly quite a few people trying to play at being Générale de Belgique," he adds.

Beyond Belgium, La Générale has been caught up in - and may become a symbol of - the changes sweeping across Europe. Mr De Benedetti failed in his aim of turning it into the first

Europe-wide holding company. Now, however, the he invoked have finally caught up with La Générale, and Générale de Banque.

With the launch of the single market in 1993 and the impending single currency, "we are developing a new Europe", says Viscount Etienne Davignon, chairman of La Générale since the Suez takeover, and a former European commissioner. "The idea that your identity is related to your name on the stock market is an old concept which does not match the realities of the Europe we are building." Large, cross-border groups, he says, no longer need several national structures and share listings, only one.

It is all very forward-looking. But such corporate moves have significant political implications.

As Anne Vincent of Belgium's Centre for Socio-Political Research and Information and author of a history of La Générale, puts it: "The story of Société Générale is intimately linked with the story of Belgium." And not everyone is entirely relaxed about the politics. After 25 years of almost constant constitutional reforms, Belgium's federal government increasingly resembles a kind of political holding company, which has ceded powers both to a larger parent - the European Union - and to its operating units, the regions and linguistic communities into which Belgium has been divided.

Dutch-speaking Flanders is developing closer ties with the Netherlands, as French-speaking Wallonia is with France. In a similar way, La Générale is being absorbed by the French, while its daughter Générale de Banque is marrying a partner orientated more towards the Netherlands.

Further talks on Belgian constitutional change are due to start before the millennium, and could lead to even more power being devolved to the regions. Some suggest the intermediate holding company of the Belgian government could eventually disappear.

La Générale has had its day. It may take a few more years of political reforms to see whether the prediction made at the top of the Meuse valley 70 years ago turns out to be true.

La Générale's 175-year history

Independence. La Générale controls, directly or indirectly, 70 per cent of the economy

1965 Banking interests merged with others to form Société Générale de Banque (from 1964, Générale de Banque)

1968 Carlo De Benedetti bids for control. Defeated by Suez, which emerges with 63 per cent

1998 Suez-Lyonnaise absorbs SGB. Générale de Banque merges with Fortis

1822 Founded as Société générale des Pays-Bas pour favoriser l'industrie nationale

1830 Belgian Independence. Takes on role of central bank

1848 Ceases role of national bank but by now owns 48 of country's 84 limited companies

1903 Renamed Société Générale de Belgique

1906 Enters Belgian Congo

1934 Spins off banking interests, becoming pure holding company

1980 Congo gains



## FINANCIAL TIMES

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Friday May 22 1998

## Recovering from Suharto

The belated resignation of President Suharto of Indonesia should relieve some of the political tension on the streets of Jakarta. The danger is that it may have come too late to ensure a reasonably stable transition to a new order. The demands of demonstrators for radical reforms may if anything be reinforced by their success so far.

It has taken many months of unremitting political and economic crisis to persuade that general old man that he was out of touch and out of sympathy with his people after 32 years in power. He should never have put himself forward in March for a new five-year term in office, ensuring as usual that he had no serious challenger. His refusal to step down gracefully proved too much to stomach for a population already battered by rising prices and unemployment, and mocked by the blatant corruption of the president's family and his ruling elite. That is what has caused the present turmoil.

The problem is that in leaving office he has simply handed over to his vice-president, B.J. Habibie, a man totally associated with, and tarnished by, the latter years of Suharto's rule. As four-times minister for science and technology, he was closely identified with the system of government subsidies and monopolies which lent themselves to cronyism and inefficiency. He also has

idiosyncratic ideas of business and economic behaviour, not least that high interest rates boost inflation, which make him an inappropriate man to preside over any recovery from the present economic crisis.

In his first address to the nation yesterday, Mr Habibie expressed his commitment to constitutional reform and increased democracy. He promised to appoint a reform-minded cabinet, and to honour all the economic reforms already agreed with the International Monetary Fund. All those things are necessary, but Mr Habibie hardly seems the right man to implement them. He has consistently opposed such moves in the past, and lined up against the very technocrats he now suggests should rejoin the government.

What remains unclear is where the powerful Indonesian armed forces stand in the current upheaval. They are said to support Mr Habibie, yet there are rumours of divisions within their ranks. They must persuade the new president to institute a rapid transition to more democratic rule, within a tight time-frame of weeks, if not months, and then stand down. A government of national unity, combining both military and the democratic opposition, would best bridge the gap. Even if he now means what he says, Mr Habibie lacks the credibility to do so.

## Single ballot box

For many people, elections to the European Parliament are a bore and what it does is a bore. But next year's Euro-poll might excite voters, if they also had a chance to influence the choice of the next president of the Brussels Commission, a job with a far higher profile.

This proposal has just been floated by a group headed by Jacques Delors. The man nominated by European governments for a record 10 years as Commission president now feels the people of Europe should be given a say on his successors - without any need to tamper with EU treaties.

The idea is that the parliament's transnational political groupings - the Socialists, European People's party and so on - should each name its candidate for the Commission presidency which also has to be decided next summer. EU government leaders would still retain their formal right to nominate the Commission president, but would be expected to opt for the candidate of whichever grouping of MEPs triumphed in the Euro-elections.

After so much recent focus on monetary union, the Delors group's idea has the merit of bringing the European debate back to the unresolved problem of democratic legitimacy. The European Central Bank will have to give some account of its operations to the parliament, and will come under some influence

from the Euro-11 ministerial group of countries sharing the single currency. But of these democratic control mechanisms, the parliament remains weak and the Euro-11 unrepresentative of the whole Union. One can therefore see the case for using the Euro-elections to strengthen the Commission, the one body encompassing all states and all issues.

But several objections also leap to mind. First, the notion of a single ballot box to go with the single currency is catchy, but probably ahead of political reality. It really is hard to imagine a Commission presidency candidate running in all 15 countries, unable to speak the local language in most of them. Second, the plan would inject an element of left/right ideology into an EU agenda which usually defies such categorisation. The EU debate is usually conducted in terms of intervention versus *laissez faire*, rich versus poor, north versus south - rarely left versus right.

Finally, the proposal begs the question of whether Europeans really want a European government formed like an American administration, and whether the Commission is the right form for it. The Delors group's proposal is interesting and deserves further debate. But it cannot be a shortcut to a federal Europe without a constitutional negotiation in between.

## Korean banks

The Korean government's decision to recapitalise the country's banking system is a painful recognition of reality. Hopes that foreign banks might step in to take over large parts of Korea's troubled financial system were always implausible, as long as the huge and hard-to-quantify burden of bad debts hung over it. In similar situations, other countries - in Scandinavia, for example - have had to take the same unpalatable step.

The move will bring the banks under effective government control, forcing officials to confront directly the question of which of the banks' debtors survive and which fail. For decades, Korea's giant conglomerates, the *chaebol*, have been the recipients of vast, cheap-rate bank lending. It is this flood of concessionary finance which has allowed them to expand aggressively both at home and abroad. Now, with the economy in recession and the servicing of past foreign-currency borrowing hugely more expensive, the conglomerates are in crisis.

In a sense, the relationship between the *chaebol* and the government has now come full circle. In the early days of Korean industrialisation, the government kept the family groups under tight control, setting sweeping industrial targets and ensuring that the banks provided the finance to meet them. In the 1980s and 1990s, the government

loosened its control, allowing the *chaebol* greater freedom to invest as they chose. But they retained privileged access to bank finance. The huge surge of investment in new capacity, at home and abroad, was an inevitable result.

Until this week, the government has been able to treat the financial consequences of this excessive investment as a problem for the *chaebol* and their bankers to resolve in private. Now, it will find that claim harder to sustain. This will pose difficult decisions both for President Kim Dae-jung - a stern critic of the relationship between banks, government and industry in his days in opposition - and for Prime Minister Kim Jong-pil, an architect of the system.

The issue is now more practical than ideological, however. The *chaebol* have at last started cut-backs in employment. More will be needed if they are to meet their commitments to the banks. Yet as labour protests mount over these actions, the government will find itself faced with an unpalatable choice between getting the financial system back into shape, and preserving social peace.

Recapitalising the banks was an essential first step, though one which the government had to nerve itself up to take; but the really difficult decisions still lie ahead.

## The waves from Indonesia

Peter Montagnon looks at the wider implications for Asia - in politics, economics and security matters - of the fall of the Suharto regime

Just as Thailand's stock market jumped on last July's devaluation, so Asian equities posted modest gains yesterday on news of President Suharto's abrupt departure. But just as the Thai market euphoria proved short-lived, so present satisfaction could prove premature as new worries emerge not only about Indonesia but about all of Asia's security and economic development.

Indonesia's new president B.J. Habibie is scarcely the most obvious choice for the task of instilling confidence in his country's political and economic future. A long-standing protégé of Mr Suharto, he lacks his own power-base in the country and his ideas on economics are diametrically opposed to those of the International Monetary Fund.

Almost all analysts see him as a transitional figure who will either preside over quick reforms or be pushed out, much as his mentor was this week. Yet his initial address to the nation gave no sense that he sees himself in such a caretaker role. That raises the possibility that the fundamental political problems thrown up by the Suharto succession will remain unresolved, and, if so, chaos will continue to pose a threat.

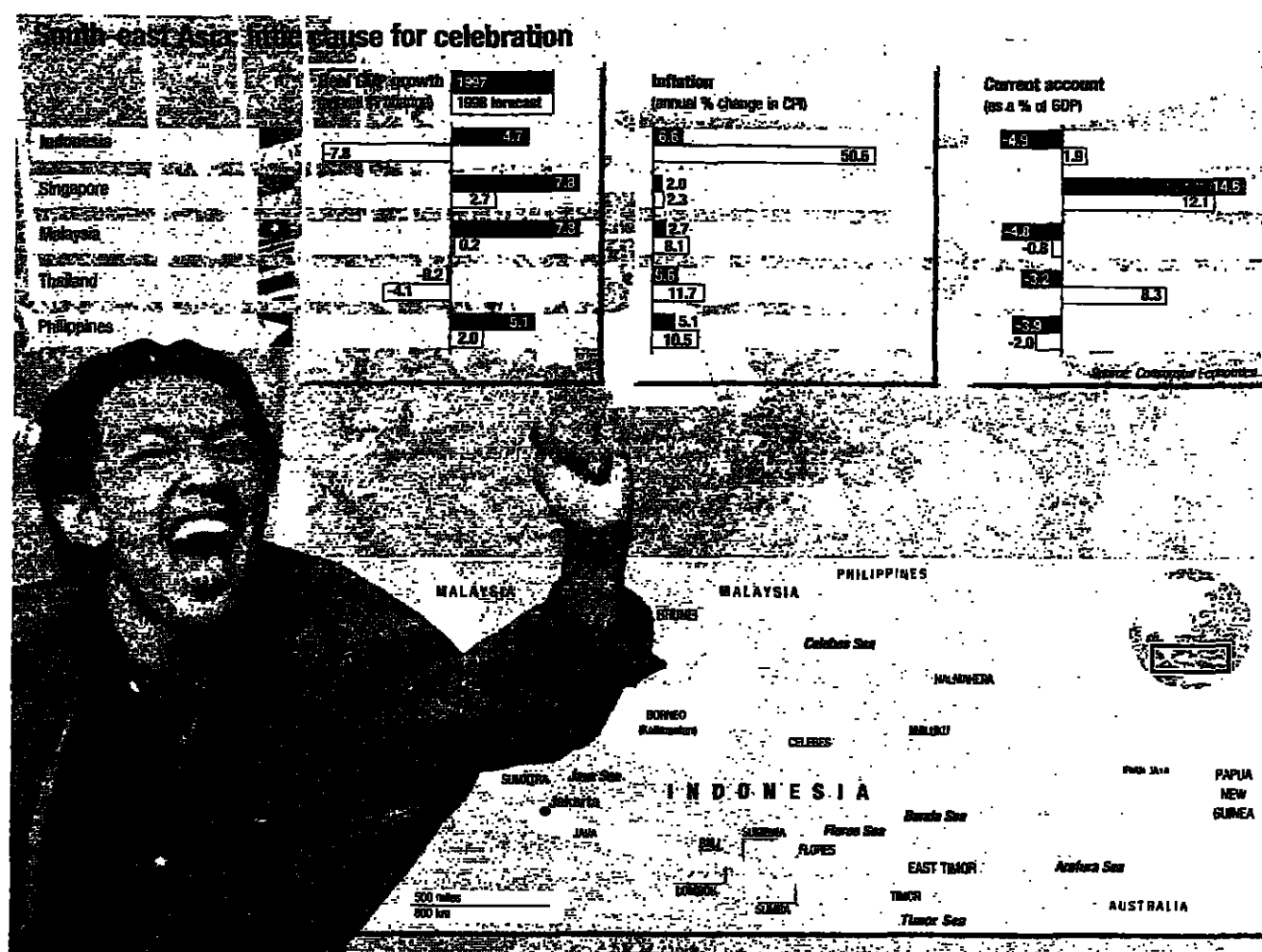
For the rest of Asia this is a profoundly worrying prospect. It adds an explicit political and security dimension to a regional crisis that started out purely financial and economic. And the prospects of violence and instability could in turn sharpen the miseries of economic contraction, giving the crisis a new turn.

It is probably no coincidence that Indonesia's convulsion has come just as the recession in Asia is really starting to bite. Mean forecasts by private sector economists for Indonesia suggest gross domestic product will contract by 7.8 per cent in real terms this year, compared with 3.3 per cent projected three months ago, according to Consensus Economics which tracks the projections. Comparable figures for Thailand are minus 4.1 compared with minus 2.7 per cent. In Malaysia growth is now expected of only 0.2 per cent compared with 1.1 per cent forecast three months ago.

But now, security worries are being added to economic ones. Immediate neighbours have long fretted about the threat that could arise from a power vacuum and internal collapse in Indonesia. "If there is instability in Indonesia, it will destabilise the whole region," said Tony Tan, Singapore's defence minister in an interview earlier this year.

Singapore and Malaysia have already had a taste of that with a large rise in the flow of jobless and hungry refugees. This led to bloody scenes when the Malaysian police crushed a riot of Indonesian migrants in an immigration camp. There has also been an increase in piracy that saw the hijacking by a group of Indonesians last month of the Petro Ranger, a Malaysian tanker, in the Malacca Straits.

In their public statements yesterday, regional leaders expressed relief that Mr Suharto's departure had come about peacefully. Most also commented on the need for social and economic stability. Attention should be focused on reviving the economy, said Mahathir Mohamad, Malaysia's prime minister. Outgoing Philippines President Fidel Ramos spoke of the



need for economic reform.

This might be a polite way of urging the new government to do something about the economy quickly, before it is too late. Indonesia's current crisis is already heightening security tensions in south-east Asia and could undermine regional hopes of recovery. "Until a stable and generally reformist government emerges in Indonesia, it's an open question of where this will go," says Gavin Greenwood, a regional specialist with the London-based Control Risks Group.

Mr Habibie has a window of opportunity but it is a narrow one, analysts say. Not only must he move quickly with political reform, he must also move with lightning speed to deal with the economy. "The economy on the ground is collapsing, the banking system is not functioning, and normal life has ground to a halt," says Neil Saker of SG Global Equities in Singapore.

Some analysts argue that in the short run it should be possible to contain the regional fallout from the accelerating decline of Indonesia's economy because the country is seen as a special case. "People are learning to quarantine this," says Gerald Segal of the International Institute for Strategic Studies.

Yet as the security implications deepen in Asia, even he fears a wider loss of economic confidence. For the time being the refugee problem and piracy are the two most obvious security concerns. Neither Singapore nor Malaysia with 21m have the capacity to absorb the millions of refugees that could theoretically leave.

Crowds of Indonesians struggling across the Malacca Straits in small boats at night could also obstruct navigation channels in one of the world's busiest shipping lanes, adding to the existing

piracy problems, says Bruce Gale of the Political and Economic Risk Consultancy in Singapore.

But there is little immediate fear of a repeat of the 1960s when violence spread outside Indonesia and commandos let off bombs in Singapore. Nor is there any immediate risk of President Suharto's fate destabilising other long-standing governments in the region.

Indeed, there are not many left. With the Philippine elections now also out of the way, only Malaysia now among larger countries afflicted by the crisis has not seen a change in government. But Malaysia's institutions are stronger than those of Indonesia.

### Some argue it should be possible to contain the regional fallout from the accelerating decline of Indonesia's economy because the country is a special case

while its social and economic problems are less intense.

A more profound, if less well defined, worry concerns the waning influence of the eight-member Association of South-east Asian Nations, the organisation created in part to help stabilise the region after the turbulence of the previous Indonesian transition 32 years ago. Sheer size has always given Indonesia a central role in Asean and President Suharto's support was regarded by other members as a significant contribution to diplomacy.

But Asean has become ineffectual since the onset of economic crisis last year. "Asean countries have failed completely to react together to the economic crisis, to the environmental crisis and to Indonesia," says Damon Bristow of the UK's Royal

United Services Institute. Asean's vision of becoming a dynamic organisation in which a group of mostly small countries are able to find together a security that eludes them on their own is increasingly looking like a chimera. For many members, especially Singapore, Asean is privately seen as the way of providing a counterweight to the growing power of China.

So, at the policy level, Asean has become a cornerstone of regional defence. In its annual forum, it combines with other countries, including the US and China, to engage the outside world in a broader debate on Asian security.

As Mr Suharto's difficulties

might respond if outbreaks of violence against Indonesia's minority ethnic Chinese population became more widespread. Thus far its response has been deliberately unprovocative, but China did raise its profile after the riots last week and, if the violence became even worse, it might step up its own naval presence in the region as it did during the Sukarno transition.

Even if things do not get as bad as that analysts say the fear remains and that is hardly conducive to economic confidence. For all that it is a special case, Indonesia did weigh on financial markets from Japan to Singapore and even further afield when the riots became really bad last week. For Singapore in particular, the economic consequences of the meltdown in Indonesia are likely to be acute, since its banks are heavily exposed there. Indonesians have been active buyers in Singapore's property markets and bilateral trade is large (even though the figures are so sensitive they are not published).

For the rest of the region the direct impact is less, since bilateral trade is more limited, banking exposure is lower and most companies are looking at export markets in rich countries. Still a power vacuum in Indonesia could have a large indirect effect.

"It means an even sharper contraction in economic activity in Asia," says Ma Guonan of Salomon Smith Barney Hong Kong in Singapore. "It means international lenders and bankers will be hit harder and a more prolonged impact on currency and financial markets."

In theory, he says, the departure of Mr Suharto should be positive. "But then you have to ask, what next?" For Asia as a whole, the uncertainty implied by that question may actually have grown with Mr Suharto's departure.

## OBSERVER

## Willkommen Habibie

While most governments yesterday welcomed Suharto's resignation as Indonesia's president, few had much to say about his successor.

Infamous for his economic zigzag theory - which holds that you can boost the economy by sharply raising interest rates, lowering them, raising them, lowering them and so on - B.J. Habibie is seen by many as just another Suharto crony.

But there is one powerful nation whose diplomats have been alone among Jakarta's diplomatic community in singing Habibie's praise in recent months - the Germans. He is a moderate, they say. A reformist and a man who listens. On top of all that, they go on, he's a fine aeronautical engineer.

Other diplomats have a very different perspective on the new president. "It's bizarre," said one. "He's just holding court and goes on and on about his planes."

Habibie is fluent in German: he studied engineering at the Technische Hochschule in Aachen and worked for 18 years for German aircraft maker Messerschmitt-Bölkow-Blohm. German companies like to play on Habibie's fondness for the Fatherland when they're pitching for contracts.

Fights to Jakarta haven't exactly been overlooked in the past week or so. But as news of Habibie's

succession sent the few remaining investors rushing to the airport yesterday to catch a plane out, perhaps Lufthansa had a few bookings in the other direction.

## Cometh the hour

Directors of failed Asian investment bank Peregrine like to blame its collapse on bad timing - like serious exposure to Indonesia when the rupiah collapsed. As if to prove the point, Andre Lee, the fixed income guru who spearheaded the company's drive into Asian junk bonds, chose to raise his profile with a lecture to 350 fund managers yesterday - the day the first legal writ against Peregrine was served.

## Marron glassy

In these days of mega-mergers in the financial services industry, no one can feel secure. But it's a bit much when your vulnerability is flaunted for public view.

It's fortunate that Donald Marron, chairman and chief executive officer of PaineWebber, one of the leading US brokerages, is a famously cool customer. At a Forrester Research conference in New York yesterday, the audience was invited to vote on how long PaineWebber would be able to retain its independence. The majority verdict was one to three years.

Maybe Forrester was getting its own back on Marron for his views on the limitations of the

technology-finance area in which it specialises.

Yesterday, Marron admitted that he could never find the e-mails sent to him by his children and ended his presentation by quoting a technical expert's view that a computer lets you make more mistakes than any other invention in history - except possibly handguns and tequila.

## Party time

Aleka Paparriga, the boss of the KKE, Greece's cheerfully Stalinist communist party, is hosting a bash in Athens this weekend for unconstrained colleagues from 50 countries.

Unlike many of its guests, the KKE hasn't exactly fallen on hard times. It still has 11 seats in parliament - more than the reformed Eurocommunists - and its bank balance is fairly sound, thanks to wise investment of the 10 per cent cut the party used to get on Greek trade with the Comecon bloc in the old days.

So Paparriga will be able to lay on lots of traditional Greek hospitality at the KKE's chain of tavernas around the capital make the three days of ouzo and argument go with a swing - and console the comrades for their current poor second place in the struggle with capitalism.

## Past tense

The prime minister Chuan Leekpai has been burying the hatchet with

some of the country's former bêtes noires. First there was a meeting with George Soros in New York - the very same George Soros who was accused by the previous Thai government of leading "a pack of wolves" to speculate against the baht.

This week, Chuan was seen hobnobbing in Hong Kong with Jim Walker, Credit Lyonnais chief economist for Asia. That's the Jim Walker who was lambasted early last year by the Thai central bank for his "absurd and irresponsible" prediction that the Thai economy would fall into recession.

The Soros meeting provoked much derision among those who attacked the foreigners last year and are now in opposition. But they seem to be accepting that attracting investment is more important than bearing grudges and said little about the Walker meeting - apart from noting that Chuan's English was improving.

## Monster treat

The US Justice Department's assault on Microsoft has created a spin-off benefit for 7,500 employees at Oracle's headquarters in Silicon Valley.

Oracle boss Larry Ellison is so delighted to see long-time rival Bill Gates in a fix that he has booked a local cinema for three days to put on a show for his minions to "celebrate the US's decision to fight monsters, no matter how large and nasty". So what better choice of film than *Godzilla*?

## Financial Times 50 years ago

**Alaska Railway Project**  
An American syndicate is reported to be willing to put up \$200 millions towards building a railway to Alaska providing the U.S. and Canadian Governments first provide \$375 millions to extend the Pacific Great Eastern Railways as a military defence measure from Sifton Pass B.C. to Fairbanks. Pacific Great Eastern is owned by the Province of British Columbia. A general conference of the North-West Trade Association heard a joint U.S.-Canada railway to Alaska advocated by several speakers. It was reported that President Truman had approved plans for the construction of an Alaskan railway.

**Objection From Canada**  
Ottawa, May 21. A warning that, if Britain cuts her quota of Canadian newspaper, she may find it hard later to raise her allocation, was made to-day by an official representing Canadian newspaper manufacturers. "While we value the British market, we object to being chivvied about from pillar to post in it," he said. He was commenting on the statement that the British Government had indicated by letter to the Newspaper Supply Company that imports of newspaper from Canada and Newfoundland might be subject to severe cuts next year.

Being controversial in areas such as service and  
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 industry, most certainly that.

# FINANCIAL TIMES

FRIDAY MAY 22 1998

## THE LEX COLUMN

### Zig-zag politics

Indonesia's political transition is incomplete. President Habibie's controversial zig-zag economic theories, fondness for prestige investments and position as one of former president Suharto's closest cronies hardly endear him to financial markets. And his silence on plans for elections means it is unclear how long his rule will last.

That said, Mr Habibie's presidency looks like being only an interregnum. It may be hard to predict how the situation will develop, but that was always the problem: Indonesia has no established mechanism for peaceful political transition. The country is still feeling its way. But with Mr Suharto gone and the opposition behaving reasonably, a bloodbath looks less likely than it did.

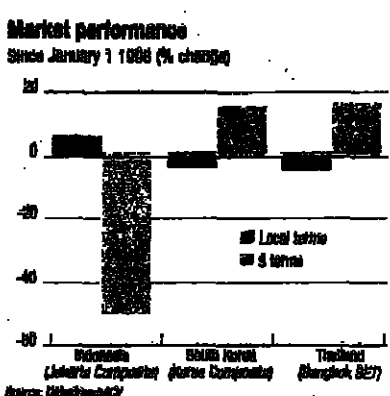
What lessons should investors draw from the crisis? One is that political governance matters. The snack of firm government, which Mr Suharto provided, is not enough. A political system that can renew itself without too much disruption is also important. Transitions from dictatorship to democracy are messy. Moreover, the evidence from South Korea and Thailand is that it is easier for countries to embrace radical economic policies after they have undergone genuine political change.

The International Monetary Fund needs to learn this lesson too. It may not be able to make democracy a condition for lending money. But it needs to be a bit smarter about understanding how politics and economics interrelate. The efficacy of its economic programmes can too easily be undermined by poor governance.

That, though, is a far cry from saying that the IMF precipitated Indonesia's economic crisis, as some allege. True, it made mistakes - in particular, failing to appreciate the nature of Indonesia's debt problems. But Mr Suharto's repeated backsliding from implementing agreed reforms was the real culprit.

#### Seagram/PolyGram

Combining Seagram and PolyGram makes industrial sense. Indeed, the opportunities to reinforce PolyGram's dominant position are so great that the US hyperactive anti-trust authorities may set tough conditions for the deal.



But what about the financial logic? Annual savings of \$500m post-tax should be achievable - meaning the deal could add perhaps \$200-300m of value. Since Seagram is paying a premium of about \$2.7bn, nearly all the value (and perhaps more) will go to PolyGram's shareholders. Its own shareholders should also be worried about how the combined music business will be managed. After all, Seagram's film operations have been a shambles.

There may be a silver lining: the deal could accelerate a break-up of the Canadian group, which trades at a big discount to the sum of its parts. To finance the deal, Seagram will spin off its Tropicana juice business, worth \$300-400m. There are also \$50m of minority stakes in DuPont, Time Warner and USA Networks that should be sold. If Seagram was really interested in shareholder value, it would also find a partner like Allied Domecq for its spirits business. Unfortunately, Seagram's dynamic Bronfman family may not do that. If it means losing control of their original business.

#### UK labour market

In the pendulum of change in the UK labour market swinging too far backwards for shareholders' liking? Taken alone the government's White Paper represents a fairly minor rigidification of the UK's much vaunted labour market flexibility. But in the context of an imminent minimum wage and a Social Chapter sharpening its teeth, there is much at stake.

On the plus side, making union recognition dependent on the support of 40 per cent of eligible workers is a concession to employers; such a high threshold means unionisation is unlikely to recover much, particularly since smaller companies are exempt. And reducing the qualifying period for unfair dismissal to one year is not an intolerable burden.

However, there are black spots: abolishing the limit on awards for unfair dismissal could lead to a proliferation of claims. And some of the parental leave proposals might deter some smaller companies from taking on women of child-rearing age. All in all, it could be worse.

#### Bass

Bass was peddling hard yesterday to try to keep up its racy image after a series of transforming deals. It has unquestionably moved out of lower growth businesses - betting shops and lease-hold pubs, for instance - and further into the higher strata of international hotels. But the \$1.5bn bid for InterContinental - 30 times last year's operating profits - has caused some nervousness.

Bass was also up against highly respectable double digit earnings growth from Whitbread, and seemed to be bending over backwards to get the magic 10 per cent into its figures. To do this, it not only stripped out currency movements but also hotels it had sold. Surely the accountants are right to count this churning of the estate as "continuing" business. More conventional figures showed operating profit growth at less than 6 per cent.

In the parts of the group that have seen less change, the plaudits Bass has gained for innovative pub developments - such as All Bar One - were muted by flat brewing figures. With the takeover of the state-owned Banco Industrial de Venezuela, Mr Bass's bid for InterContinental - 30 times last year's operating profits - has caused some nervousness.

Bass's improvements to its portfolio and balance sheet have earned it a rating since the middle of last year. Whether the international hotel market will keep growing strongly enough to justify its premium to Whitbread and Scottish & Newcastle is another matter.

## Blair pleads for Ulster Yes vote on eve of referendum

Six unionist MPs join Orangemen to denounce peace document

By John Murray Brown and Johnny Burns in Belfast

Tony Blair last night pleaded for a Yes vote in today's referendum on the Northern Ireland peace deal as unionists joined Orangemen in a last-minute effort to persuade wavering voters to reject the agreement.

The UK prime minister, flanked by David Trimble, leader of the Ulster Unionists, and John Hume, the nationalist SDLP leader, warned it would be "the greatest injustice we could commit to deny the people of Northern Ireland the future they need and deserve - one of peace and stability and prosperity."

Last night, six unionist MPs - four from Mr Trimble's Ulster Unionists and two from the Democratic Unionist party - together with the head of the Protestant Orange Order, held a press conference to denounce the document.

Robert Saulters, Orange Grand Master, said the Order was signalling "resolute and determined opposition to the Belfast agreement" which he said "rendered unionists a mere tradition in the Irish nation".

Ulster's 1.2m voters are being asked to vote on a deal creating a power sharing assembly for Northern Ireland and cross border institutions to co-operate with the Irish Republic. The Republic will vote on constitutional changes, in particular on recognising its territorial claim over Northern Ireland.

The UK prime minister said: "If people ask me what my vision is of Northern Ireland, it is one in which no one gives a damn where you come from, whether you're Catholic or Protestant."

Downing Street claimed the Yes camp was making ground but the Rev Ian Paisley, leader of the hardline Democratic Unionists, who heads the No camp, said the prime minister's stay in the province was evidence of opposition was growing.

Last night, in a chaotic and angry head to head with Mr Paisley on a BBC programme, Mr Trimble claimed the Yes camp was "on a roll. We are moving towards our target. We have the unionist majority."

Mr Paisley accused Mr Trimble of aligning himself with the IRA, saying "people see this agreement as an act of treachery". Mr Trimble predicted the agreement would win more than 70 per cent support. Anything less would allow Mr Paisley to claim that the majority of unionists voted against the deal, paving the way for a unionist power struggle.

Mr Trimble used the last day of campaigning in central Belfast to parade his latest backer, Sir John Hermon, former chief constable of the Royal Ulster Constabulary.

"This is such a profound issue. There is nothing in this province that will not be changed," said Sir John, clearly signalling his acceptance of proposals on police reform.

The latest opinion poll in the Irish Times suggested six out of ten voters were in favour of the deal.

Bishop Robin Barnes, primus of the Church of Ireland, to which many unionists belong, said: "I've struggled with this document. I've struggled with almost every page. I have big problems. I would be less than honest if I did not say I had big problems. But I don't want to see Northern Ireland sink back to where it has come."

## US money laundering probe extends to Venezuelan bankers

By Raymond Collis in Caracas

The Venezuelan government yesterday pledged to help bring indicted bankers to justice after a US money laundering investigation expanded to the country's banking sector.

Late on Wednesday, the US treasury and justice departments announced the indictment of five Venezuelan bankers charged with laundering \$5.5m in illegal drug proceeds through four Venezuelan banks: Banco del Caribe, Banco Industrial de Venezuela, Banco Consolidado.

The announcement was part of Operation Casablanca, the US investigation into the laundering of drug money, which shook Mexico's financial system earlier this week.

One of the bankers arrested in Miami was Esperanza Matos de Saad, the sister of Luis Radi Matos Azocar, the finance minister who

was forced to resign last December over alleged mismanagement of public funds. Mrs de Saad acted as vice-president of the Miami branch of the state-owned Banco Industrial de Venezuela. Mr Matos Azocar said yesterday in Caracas his sister claimed innocence but he fully supported further investigations.

It is the fourth series of indictments in the sting operation led by the US customs service in which the US authorities have arrested 180 people and seized \$7m, two tonnes of cocaine and four tonnes of marijuana. They hope to make nearly 200 arrests.

The most recent came after the sting operation established links between Mexican banks and the laundering of illegal drug profits from Colombia's Cali cartel and Mexico's Juarez cartel.

The announcements, which took Venezuelan authorities by surprise, renewed concerns about the extent of money laundering in this oil-rich

nation and the sluggishness of the justice system, which has been unable to build a case against money laundering. The amount laundered through financial institutions could amount to \$2.5bn a year, compared with total bank deposits of \$16bn.

Venezuela has increasingly been used by narco-traffickers, especially from Colombia, as a gateway through the Caribbean to the US and Europe. Up to 200 tonnes of cocaine are believed to pass through the country every year.

The authorities had little to say in response to the US announcement except that they were willing to co-operate fully with US authorities and would launch their own investigations.

Following an emergency meeting with president Rafael Caldera, Carlos Tablante, the anti-narcotics minister, said: "Whoever the person is, whatever their position or business, they will feel the full weight of the law."

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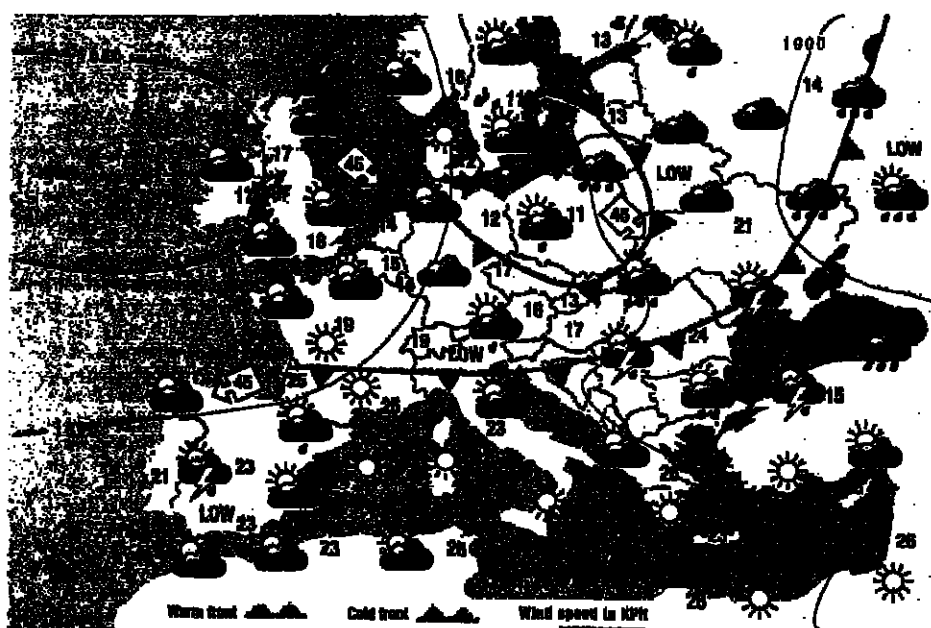
## FT WEATHER GUIDE

### Europe today

North-western and south-eastern Scandinavia will be showery, but the rest of the region will be mainly dry with sunny spells. The Low Countries and western Germany will be fine but fairly cool. Eastern Europe will have spells of drizzly rain. France will be mainly dry with sunny spells, but showers are likely over the Pyrenees and the Alps. Central Spain and Portugal may have heavy, sometimes thundery, showers. Coastal areas and most of the Mediterranean will be dry, warm and mainly sunny.

### Five-day forecast

Scandinavia will be cooler with rain or showers by early next week. Snow is likely over the mountains. The unsettled weather over eastern Europe will spread to the western Mediterranean by mid-week. Central and western Europe will stay fine with sunny spells but will not be particularly warm.



### TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	30	Madrid	22	London	17	Paris	18
Accra	32	Manila	28	Amsterdam	14	Rome	23
Algiers	32	Moscow	15	Berlin	17	Sao Paulo	28
Ankara	28	New Delhi	30	Bombay	30	Seoul	23
Antwerp	14	Hong Kong	30	Dubai	37	Singapore	33
Athens	28	Kobe	20	Jakarta	32	Stockholm	11
Bahia	31	Los Angeles	21	Manila	28	Strasbourg	19
Bangkok	31	London	17	Mexico City	25	Sydney	21
Buenos Aires	17	Lyons	17	Moscow	15	Taipei	23
Calcutta	32	Madrid	22	Nairobi	25	Tel Aviv	28
Chengdu	28	Manila	28	Rangoon	30	Tokyo	25
Chicago	17	New York	21	Singapore	33	Yokohama	23
Copenhagen	17	Osaka	21	Stockholm	11		
Dallas	28	Paris	18	Strasbourg	19		
Dhaka	37	Rome	23	Sydney	21		
Dubai	37	Sao Paulo	28	Taipei	23		
Hankow	30	Seoul	23	Tel Aviv	28		
Hong Kong	30	Singapore	33	Tokyo	25		
Kobe	20	Stockholm	11	Yokohama	23		
Los Angeles	21	Strasbourg	19				
London	17	Sydney	21				
Lyons	17	Taipei	23				
Madrid	22	Tel Aviv	28				
Manila	28	Tokyo	25				
Mexico City	25	Yokohama	23				
Moscow	15						
Nairobi	25						
Rangoon	30						
Singapore	33						
Stockholm	11						
Strasbourg	19						
Sydney	21						
Taipei	23						
Tel Aviv	28						
Tokyo	25						
Yokohama	23						

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# FINANCIAL TIMES COMPANIES & MARKETS

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FRIDAY MAY 22 1998

Week 21

**BOWENS** A WORLD LEADER IN PHOTOGRAPHIC LIGHTING  
**WOLSELEY** The name behind the name

## INSIDE

### YBM hit by Russian mafia probe

Toronto Stock Exchange high-flyer YBM Magnex International, a magnet and bicycle manufacturer, has been removed from the TSE 300 composite index of blue-chip stocks following allegations of connections to the Russian mafia. Critics are asking how YBM managed to amass a market value of nearly C\$1bn (\$700m) without regulators raising questions about its operations or some of its principal shareholders. Page 16

### Eaton reaps reward of US growth

The long period of economic growth in the US has benefited Eaton more than most. Four-fifths of its \$7.5bn sales last year came from North America, and the Cleveland-based maker of industrial controls and vehicle parts has seen its net income and share price rise threefold since 1992. The company says the key has been its ability to add new technologies to fairly traditional products. Page 16

### Tel Aviv rises above peace deadlock

Tel Aviv's TA-100 index hit a record yesterday and has risen more than 9 per cent since the start of 1998. The Israeli market appears to be ignoring signs that the US is beginning to lose patience with the peace talks between Israel and the Palestinians. It failed to react to a row between prime minister Benjamin Netanyahu and the European Union over goods made in the occupied territories. Investors are more interested in economic fundamentals than the peace process. Page 32

### AIG returns home to Shanghai

American International Group is the only giant of corporate America to have been born and raised in Shanghai, and after 60 years the largest general insurer in the US has come home. Page 14

### Farmers fear El Niño and La Niña

US farmers fear that the tail-end of the El Niño weather pattern may bring a long, hot, crop-damaging summer. However, the real test may come in the next growing season. There are fears that El Niño will be replaced by a "La Niña" effect, when the oceans off South America cool, leading to drier conditions in the south of the US. Page 22

### Pound slides on weak retail sales

Weak retail sales figures and signs that the Bank of England might be turning against interest rate rises pushed sterling to its lowest level against the D-Mark this year. The D-Mark also reached its highest level against the yen for more than five years. Page 21

### Life to distribute reform proposals

After a delay of more than two weeks, the board of the London International Financial Futures and Options Exchange will this weekend distribute reform proposals to its 215 members. Page 20

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# Sumitomo and Daiwa report large losses

By Gillian Tett in Tokyo

Japanese banks hit as they raise speed of bad loan write-offs

Sumitomo Bank and Daiwa Bank, two of Japan's biggest and healthiest banks, yesterday reported larger than expected losses in the last fiscal year, mainly because they increased the speed at which they are writing off huge bad-loan balances.

Sumitomo said it had written off ¥1,043bn (\$7.9bn) of troubled domestic and Asian bad debt, pushing up consolidated pre-tax losses in the year to March 31 1998, to ¥602.7bn, compared with a ¥34.1bn

profit the previous year. Daiwa reported a consolidated pre-tax loss of ¥142.5bn in the 1997-98 fiscal year, compared with a loss of ¥5.87bn in 1996-97, after bad-loan write-offs of ¥389.85bn.

The massive write-offs will raise hopes that Japan's banking system is finally tackling the bad loan problem that has dogged the financial sector since the bubble burst in the 1990s.

The other 17 big banks are

also expected to make write-offs and raise their estimates of problem loans when they report their results tomorrow and next week.

Tighter reporting standards were imposed on the banks in April to boost market confidence in the financial sector. The new standards require problem loans to be reported after three months of arrears or when the loan is restructured. The previous system required bad loans to be

reported after six months of arrears, or when the interest rate was below the official discount rate.

Sumitomo admitted it was also making ¥54bn of extra provision for bad Asian loans because of the worsening economic climate in East Asia. Its total exposure was ¥13.3bn to the region, it said.

Sumitomo said its estimate of remaining problem loans had risen by about 30 per cent to ¥1,400bn because of the

tighter reporting standards, while Daiwa raised its problem loans to ¥988.1bn from ¥673.3bn.

Some analysts suspect that not all the banks are strong enough to reveal or dispose of such bad loan estimates. Brian Waterhouse, analyst at HSBC Securities, said: "Sumitomo has the strength to set aside more to cover the bad loans. Many other banks are not ready to do this yet."

Sumitomo's consolidated net

loss per share was ¥80. Consolidated revenues were ¥2,580bn, compared with ¥2,570bn the previous year. It declared an annual dividend of ¥8.5 per share, unchanged from the previous year, and forecast a ¥170bn consolidated pre-tax profit in fiscal 1998.

Daiwa reported consolidated net profit of ¥12.65bn, or ¥7.11 per share. Consolidated revenues fell 10.2 per cent to ¥708.27bn. It forecast a consolidated pre-tax profit of ¥22.5bn in fiscal 1998.

Japan results, Page 14

## Proposed tax will 'drive off' European investors

By Simon Davies in London

Investment bankers reacted sharply yesterday to a European Commission proposal for a minimum tax on European savings, which would be imposed on most European bond investors at source.

They said the move could prompt a shift in trading away from Europe, citing the introduction of tax and currency restrictions by the US in the 1980s that encouraged the creation of a eurobond market in Europe.

They also said a 20 per cent withholding tax in Japan - the same as is proposed for the European Union - thwarted the development of a local corporate bond market. Japanese companies issue large numbers of yen-denominated bonds through Japanese banks, but much of this is done out of London through the eurobond market.

The Commission argues that having exempted institutional investors and non-Europeans, the measures proposed in its directive will merely tackle widespread tax evasion by European individuals.

If these exemptions are easily obtained by institutions, the impact of these proposals would be diluted. However, eurobond market participants claim that retail investors will still be driven off-shore. These individuals buy an estimated 20 per cent of eurobonds, so this would drive up European borrowing costs.

John Langton, chief executive of the International Securities Market Association, the Zurich-based eurobond market trade association, is arguing for the exemption of eurobonds.

"If they want to drive capital out of Europe, they are going the right way about it. They are playing with fire," he said.

Under the proposals, a minimum 20 per cent withholding tax would be collected on interest paid in one EU country to a resident of another EU country. Alternatively, countries can inform the tax authorities of other member countries of payments made.

This would introduce a considerable administrative burden for "paying-agents", the banks that pay out bond coupons or interest to individuals. Mr Langton argues the benefits will be limited. "People will either book business outside Europe, or find other ways of circumventing the rules," he said.

Both the International Primary Markets Association, which represents bond underwriters, and the British Bankers Association have also criticised the proposals.

Arguably, tax evasion has become rife in Europe because of the fact that eurobonds are bearer bonds so there is no ownership registration. As well, there are fiercely guarded bank secrecy laws, and a lack of reporting requirements. None of these issues are being addressed.

The fast growing mutual fund industry in continental Europe could also be hurt by the withholding tax.

The proposals could create problems for more than 30,000 existing eurobond issues. A number of these issues carry clauses whereby if there is any withholding tax imposed, issuers have to pay up the difference, called "grossing up".

This could then trigger the right of the borrower to repurchase the bonds at par. Given the recent fall in bond yields, many existing investors would be penalised.

Letters, Page 10



Coca-Cola: Neville Isdell, chairman of Coca-Cola Beverages, will be on the eight-member board of the soft drink bottler when it is floated on the London and Sydney stock exchanges. Report, Page 17

## Sega unveils games machine to rival Sony's PlayStation

By Paul Taylor in London

Sega Enterprises, the Japanese video-games systems manufacturer, yesterday announced its next generation internet-ready games machine, designed to leapfrog competing products. The machine, known as Dreamcast, will run Microsoft's Windows CE operating system and will become Sega's flagship product in the fiercely competitive video-games market. Sony's PlayStation, which has outsold Nintendo 64 and Sega Saturn, leads the field.

Sega helped pioneer the video-games market with characters such as Sonic the Hedgehog, but it has been hard hit by the success of PlayStation, which sold 19.4m units in the year to March 31 and com-

mands more than 60 per cent of the world market.

Earlier this month, Sega downgraded its profit forecast for the year-end from a net profit of ¥15bn (\$116m) to a net loss of ¥39bn. It pointed to losses at its US subsidiaries, a result of a shrinking share of the North American market.

Sega claimed yesterday that its new console would have the power "to outperform all in-home gaming platforms". The new machine will go on sale in Japan on November 20 and is due to be launched in the US and Europe "in time for Christmas 1999".

Sega is building technology from some of the world's leading IT groups into the design. Dreamcast will achieve its high-power, 128-bit perfor-

mance using a microprocessor that has been enhanced for 3D games, developed by Hitachi. Sega claims the chip will be able to perform floating-point calculations - the key to high-output graphics power - four times faster than a Pentium II chip.

The machine also incorporates a new PowerVR graphics accelerator designed by VideoLogic, the UK-based 3D pioneer, and its partner NEC, which is capable of producing realistic 3D images.

"With this kind of graphics capability, the passage of time from day to night can naturally be portrayed in real time," said Sega.

Yamaha will provide the sound chips for the new system.

## Saab Automobile set for further \$133m investment

By Tim Bart in Stockholm

Saab Automobile, the loss-making Swedish carmaker, is preparing to inject more capital into its manufacturing facilities and product range in the latest attempt to return the company to profit.

On Monday Saab, which is managed and half-owned by General Motors of the US, will announce plans to invest more than \$1.1bn (\$133m) to upgrade its three main manufacturing plants in Sweden and proceed with developing a station wagon.

The company, which has been recapitalised four times since 1980, will emphasise that the latest investment will not require further funds from its joint owners, GM and investor, the main investment vehicle of Sweden's Wallenberg business empire. Together GM and investor - each holding 50 per cent of the carmaker - have invested \$K11.5bn in Saab since 1980. Since then, the company has accumulated total losses of \$K12bn.

Most of the new investment will be concentrated at Saab's Trollhättan plant in southern Sweden, with smaller sums directed to its Gothenburg transmissions factory and Södertälje engine plant near Stockholm.

News of the investment package, spread over three to four years, will be coupled with details of how Saab plans to launch and build up production of a station wagon based on its new 95 saloon.

Robert Hendry, chief executive, is likely to confirm that the station wagon will be for-

mally launched at the Paris motor show this autumn.

Saab's strategy announcement comes as Volvo, its Swedish rival, prepares to announce its new S80 large car platform next Thursday following a four-year development estimated by industry analysts to have cost \$K190bn.

Saab is understood to have begun joint development work with GM on three new platforms, code-named Gamma, Delta and Epsilon.

"We have been heavily involved on the next generation of vehicles," said a Saab official. "A decision will be taken later this year on how many cars we could develop from these platforms."

The Swedish group believes common platforms could allow it to develop a fully fledged sports car and a sports utility vehicle for the first time.

If the company decided to proceed with new models and reached its target of lifting existing output beyond 150,000 units a year by 2000, it might be forced to assemble some vehicles on GM production lines to overcome capacity constraints in Sweden.

Links between Saab and GM could be strengthened next year, when the US group has the opportunity to buy out Investor's 50 per cent holding under a long-standing put-and-call agreement.

Investor, which has vowed to concentrate on telecommunications, healthcare and information technology, has the right to sell half its stake to GM even if the US group does not want to take outright control.

## Deutsche Bank

Aktiengesellschaft  
(Incorporated with limited liability in the Federal Republic of Germany)

## Notification of Dividend

The Ordinary General Meeting on May 20, 1998 has resolved to use the distributable profit for the 1997 financial year being DM 956,368,971.00 for the distribution of a dividend of DM 1.80 per share of DM 5 par value on the share capital of DM 2,656,580,475.00.

The dividend will be paid less 25% withholding tax and a solidarity surcharge of 5.5% on the withholding tax (total deduction = 26.375%) against presentation of Dividend Coupon No. 63 at one of the paying agents listed in the Federal Gazette (Bundesanzeiger) of the Federal Republic of Germany No. 94 dated May 23, 1998.

In accordance with the British-German Double Taxation Convention, the German withholding tax is reduced from 26.375% to 15% for shareholders resident in the United Kingdom. To claim this, shareholders must submit an application for refund by December 31, 2002 at the latest using an official form. The application should be addressed to the Bundesamt fuer Finanzen, Friedhofstrasse 1, D-53225 Bonn.

In the United Kingdom, payment will be effected through the following banks: Deutsche Bank AG London, 6, Bishopsgate, London EC2P 2AT, Midland Bank plc, Securities Services UK Department, Ground Floor, Suffolk House, 5 Laurence Pountney Hill, London EC4R 0EU.

The dividend payment in the United Kingdom is made in Pound Sterling converted from Deutsche Mark at the rate prevailing on the day the dividend coupon is presented.

Frankfurt am Main, May 1998

The Board of Managing Directors



## COMPANIES &amp; FINANCE: ASIA-PACIFIC

## PHARMACEUTICALS OUTLOOK GLOOMY AS GOVERNMENT MOVES HIT GROWTH

## Spending limits hurt Japan drug groups

By Paul Abrahams in Tokyo

Government moves to limit drug spending hit sales and profits growth at Japan's leading pharmaceutical companies last financial year. Most groups that have reported results for the 12 months to March 31 also forecast lower sales and profits for the current year.

The combination of average 9.7 per cent price cuts introduced in April, together with the decision by the Ministry of Health and Welfare (MHW) to withdraw five treatments for Alzheimer's disease, was behind the expected poor results.

The MHW decided this month to revoke approval for four cerebral metabolism enhancers marketed by Takeda, Yamanouchi, Eisai and Fujisawa of Japan, as well as Hoechst Marion Roussel of Germany. Tanabe's treatment is still being evaluated.

The Japanese market fell 4.4 per cent last year, said Masaaki Tanaka, pharmaceutical analyst at Jardine Fleming in Tokyo. This was partly due to a rise in patient contributions to the cost of medicines, which had cut demand.

He predicted the market would decline as much as 4 per cent this year. The over-

the-counter non-prescription market also fell about 2 per cent last year.

Takeda, Japan's biggest drug group, posted earnings slightly higher than expected. It also announced it planned to change its articles of association so it could buy back up to 9.1 per cent of its shares. The company has about ¥400bn (\$2.9bn) of cash and ¥93bn of marketable securities.

However, Mayo Mita, drugs analyst at Morgan Stanley Dean Witter, said it was unclear whether the company would buy back that many shares because it planned to invest heavily in

Japanese drugs companies									
Consolidated results, year to March 31 1998 (¥ bn)									
	Sales	% chg	Net profits	% chg	Sales	% chg	Net profits	% chg	
Takeda	981	6.4	81.8	14.3	898	0	76.5	0	
Sanofi	882	4.5	82.0	28	487	0	82.0	0	
Fujisawa	281	0	-1.5	816	200	-7.4	85	816	
Eisai	301	7.2	18.8	1.8	301	2.9	23.0	76	
Yoshi	248	1.8	2.3	-0.8	243	0	23.0	0	
Sumitomo	216	-8.1	7.3	10.8	199	-22.8	4.9	-90	
Source: Companies									

its US marketing operations. Other groups to announce possible buy-backs were Tanabe - up to 9.9 per cent of

outstanding shares - and Eisai - up to 10.2 per cent. Fujisawa's losses - caused by a ¥75bn charge to cover

the costs of ending its disastrous foray in the US non-patented drugs market - were slightly lower than expected. It predicted consolidated sales would fall 7.4 per cent this year, and that earnings would be ¥8.5bn, compared with ¥7bn in 1996. Its overseas sales have been driven by the success of Prograf, an immunosuppressant typically used in transplants.

However, domestic sales are likely to suffer from the decision by Astra of Sweden to promote its own drugs in Japan, Astra's Xyllocine, a topical anaesthetic, generated sales of about ¥12bn last year.

## Japanese steel sector suffers

By Alexandra Harvey in Tokyo

The effects of Japan's recession and the Asian currency crisis dealt a double blow to the steel sector last year, with all the leading manufacturers reporting lower earnings.

Shrinking demand from the construction, manufacturing and car sectors held down sales growth, while extraordinary expenses from sector-wide restructuring kept pre-tax recurring profits flat.

Results were strengthened by cost cuts, higher prices for contract work, and exports.

Nippon Steel, the industry giant, announced higher net earnings for last year, but warned of difficulties in the current 12 months. The company attributed the modest growth in sales to higher steel prices.

In the chemical, non-ferrous metal and ceramics divisions, sales were flat at ¥451.5bn (\$3.3bn), while sales of electronics and information technology products fell slightly.

The shares closed up 1.3 per cent, or ¥3, at ¥206.

Cutbacks in public works projects and the deterioration of the domestic housing market hit earnings at NKK and Kobe Steel.

Sales at NKK were bolstered by exports and by out-

Japanese steel companies				
Year ending March 1998, ¥bn				
	Sales	% chg	Net profits	% chg
Nippon Steel	2,078	0.5	5.8	73.5
Kobe	1,236	0.1	6.9	-12.0
Sumitomo	1,488	0.75	4.0	-94.0
Kawasaki	1,204	0.1	6.5	6.1
NKK	1,504	2.9	14.3	-14.3

Data: Companies

put from National Steel, its US subsidiary, but reduced demand for gas pipelines and waste disposal facilities held down engineering sales. Steel sales were flat at ¥728.2bn.

NKK said it would pay a ¥3 dividend, and its shares closed down slightly at ¥118.

Kobe Steel, which fell into the red, blamed the result on stock losses and low demand in the construction sector. Net income losses due to securities revaluation were ¥17.2bn. Although steel sales increased slightly, construction machinery and semiconductor sales slipped.

Kobe announced its first dividend in four years, of ¥2, to be paid for with retained earnings of ¥12.8bn.

Kawasaki and Sumitomo Metals attributed poor performance to the Asian currency crisis and weak domestic demand, but both companies were optimistic about profits in the current year.

Kawasaki reported increased net income on slightly higher sales, and said earnings should rise further in the current year, from ¥8.46bn to ¥15bn on sales of ¥1,500bn.

The shares closed up ¥10, or 5 per cent, at ¥210. Sumitomo, which saw profits slide by 65 per cent, announced plans to expand into the silicon wafers business by merging with Sumitomo.

Its dividend would be maintained at ¥3.

Most companies expected profitability to improve in the second half. Nippon Steel said net income would fall to ¥2bn on sales down slightly at ¥3,050bn, while Kobe expected to return to profitability at ¥2bn, on sales down 3.6 per cent to ¥1,450bn.

## Lawsuit launched against Peregrine

By Louise Lucas in Hong Kong

Commerzbank of Germany has launched a \$40m lawsuit against Peregrine, the Asian investment bank, over a currency swap executed at the time of Peregrine's demise on January 9.

The case will raise questions about the extent to which Peregrine directors - most of whom remain in Hong Kong - are personally liable and whether they acted prudently in the face of the collapse.

Commerzbank claims that when Peregrine directors entered the swap deal - and received its payment of DM70m (\$41.2m) - they should have realised they were close to collapse and unable to fulfil their counter-

party payment of US dollars when New York opened.

If the writ is successful, analysts expect it to trigger a wave of similar suits. "An investment bank could have hundreds of these transactions on the go at any given time," said one banker.

The court hearing will also shed light on aspects of the collapse. "Commerzbank is using our legal system to get to the bottom of what happened here," said Camille Jojo, the German bank's legal representative.

"The question will arise as to what, prudently, should the directors have done. Should they have carried on or should there have been a freezing at that stage?"

This contrasts with the less enlightening liquidation

process, which was attacked by the presiding judge.

Complaints over the handling of the process also prompted the Hong Kong Society of Accountants to investigate Price Waterhouse, the provisional liquidator.

While securities regulators are conducting their own review of Peregrine's failure, the results are not expected to be swift. Mark Dickens, executive director, enforcement, said yesterday: "The fastest ever was the Bank of England with Barings. It took a year, and that was without an inspection."

The court case is likely to hinge on the actions taken by directors, six of whom are named in the writ. These include Andre Lee, the fixed-

income chief who spearheaded Peregrine's diversification into Asian high-yield bonds; Philip Tse, the former chairman; and Francis Leung, managing director.

Commerzbank said that after Zurich Group of Switzerland withdrew from talks to pay \$200m for a stake in Peregrine, Peregrine directors should have ringfenced the Commerzbank payment and held it on trust.

Directors have argued that at that point they were still hoping for a bailout by the Hong Kong Monetary Authority, the de facto central bank. "Our view is that that was a pretty far-fetched hope," said Mr Jojo. "We maintain they should have apprehended total failure."

The suit, filed by the Hong

Kong arm of Commerzbank, is against Peregrine Fixed Income in liquidation, and will be fought by Price Waterhouse, the provisional liquidators. The possibility it will extend to the directors personally is not ruled out.

"All sorts of things might be thrown up here," said Mr Jojo. "There's a whole array of remedies which are available. And, as for any creditor who has lost this amount of money, we would look at every option."

"I'm sure [more writs] will come to light fairly quickly. Eventually, it is going to require a detailed forensic examination of what went on that day, leading to Zurich pulling out," he said. "The game was up by 3pm on January 9."

## Son of corporate America returns home to Shanghai

AIG is back in the city it left 60 years ago to take advantage of the emerging Chinese insurance market, writes James Harding

American International Group is the only giant of corporate America to have been born and raised in Shanghai, and after 60 years, the country's largest general insurer has come home.

Its subsidiary American International Assurance has moved back into the narrow, neo-classical building on Shanghai's famous colonial waterfront - 17, The Bund.

Maurice "Hank" Greenberg, AIG chief executive, led the celebrations to mark the "return to our home of many years ago". He told an audience that included employees who had worked in the building back in the 1930s and 1940s: "AIG is very proud of our Chinese heritage and history."

AIG is the first foreign business to return to its old premises on the Bund and the homecoming is more than just a monument to the company's Shanghai origins: the prominent headquarters are a reminder of AIG's special place in China's emerging financial services market.

The Shanghai-based background has also made an indelible mark on the company's internationally minded culture, one which Mr Greenberg seems disposed to defend against the fashion for grand mergers in the financial sector.

Size can be an enemy rather than a friend. When you mix the cultures of different companies you can have difficulties," Mr Greenberg said. "AIG is a global

company. Its size speaks for itself... We have a unique culture. So, to have a mega-merger just to say 'Me too' does not appeal to us."

The company started in China in 1919 when CV Starr opened a small insurance agency, American Asiatic Underwriters, moving into the imposing office building on the Bund as business grew and only later establishing the company in the US. The communist revolution in 1949 forced AIG to move on.

Under Mr Greenberg, the second chief executive in the company's near 80-year history, AIG has been back, pressing its Chinese credentials. Mr Greenberg made his first visit to China in 1976, even before the country became officially opened to foreign business in the late 1970s.

Today, he has a vaunted place in the ranks of foreign businessmen with interests in China: in 1990, Zhu Rongji, now prime minister of China but at the time mayor of Shanghai, appointed Mr Greenberg chairman of a foreign business leaders' advisory council to the city's government and last year he was made an "honorary citizen of Shanghai".

The admiration is mutual. Few people can talk up China like Mr Greenberg, who has trumpeted his confidence in Asia in spite of the economic turmoil.

Sitting in the newly-refurbished building on the Bund,

he was bullish about Shanghai: "If you look down the road 25 years, then maybe we will have our corporate headquarters in Shanghai and a branch office in New York."

For the business, the relationship building has started to pay off and AIA has emerged with a unique position in the mushrooming Chinese insurance market.

Unlike other foreign insurers that have been restricted to operations in Shanghai, required to enter joint ventures with local companies and limited to either general or life insurance, AIA has licences to operate wholly foreign-owned ventures selling life and general insurance policies in both Shanghai and Guangzhou.

There has been speculation that China will shortly allow the company to start selling insurance in Beijing, but Mr Greenberg would not comment.

Business has grown fast since 1992, when AIA became the first foreign insurer licensed to operate in China: there are now 3,500 agents in Shanghai alone and premium income this year is expected to reach \$80m-\$100m, having risen more than 30 per cent last year.

AIG has been developing other financial services in China. The company has a finance operation involved in leasing jet aircraft to China's regional airlines and has established the AIG Asian Infrastructure Fund,



On the waterfront: AIG is back in its old building on The Bund

which will devote some of the \$1.1bn capital raised to projects in China.

Mr Greenberg says the company will consider other areas of business as the Chinese market opens - the most immediate prospect is the housing insurance business which is likely to open to help drive the government's efforts to establish a residential housing market. In the longer term, Mr Greenberg said AIG would be interested in the possibility of mutual fund management in China.

AIG's record as the foreign

company first through the door into the modern Chinese financial market has been enviable. But Mr Greenberg does not take kindly to suggestions that AIG owes its success to its past or any particular connections.

"I started coming to China in 1975. I have probably been on 40 or more trips. We have done many things for China... We have worked hard on US-China relations... [The success] has nothing to do with who we know and everything to do with what we do."

## Increased competition behind KDD's 62% fall

By Michio Nakamoto in Tokyo

Fierce competition in the international telecommunications market undermined profits at KDD, Japan's leading international operator, leading to a sharp decline in profits last year.

KDD suffered a 47 per cent drop in recurring profits and a 62 per cent plunge in net profits as sales fell 9 per cent amid growing competition in Japan's international call market.

Recurring profits fell from ¥28.4bn to ¥15.5bn (\$115m) and net profits dropped from ¥12.9bn to ¥4.9bn on sales of ¥364.9bn, compared with ¥401.2bn.

The company, which entered the domestic market in the wake of liberalisation measures to bring down the border that had separated international and domestic telecom services, has suffered from sharp price

declines in the international call market.

KDD has also faced competition from new services such as international simple resale, internet telephony and call-back services.

KDD also faces the need to lower its settlement rates for international calls under pressure from the US. Consequently, its future in the market for international voice telephony is likely to remain difficult.

KDD forecasts recurring profits in the current year to fall further to ¥10bn, on higher sales of ¥384bn. Net profits are also expected to be higher at ¥5.5bn.

In the near term, competition is expected to continue to affect charge rates, while new services have yet to contribute substantially to profits.

Toshiko Iba, industry analyst at ING Barings in Tokyo, said: "The next two

years are likely to be the bottom."

KDD had been restructuring to lower its cost base and it had an advantage in the rapidly growing market for data transmission, where its technology and infrastructure are outstanding, Mr Iba said.

KDD's plan to merge with Teletway, a domestic long-distance operator in which Toyota, the carmaker, has a leading stake, has been delayed as a result of differences over the equity swap ratio and over who would be in control of the merged company.

A merger with Teletway would be only the first step towards building a seamless service comprising domestic, international and mobile communications, said Mr Iba.

Further tie-ups, possibly with international carriers, could be expected, he said.

## Orix expands in niche sectors

Orix, Japan's largest leasing company, reported record profits yesterday as the company benefited from the low interest rate climate to develop a securitisation programme, writes Gillian Tett in Tokyo.

The strong results illustrated the success that some innovative niches of Japan's financial world are enjoying - even though the more traditional banks and brokers are suffering from mounting competition.

On a parent basis, pre-tax profit rose 174 per cent to ¥35.82bn (\$261m); net profit grew 12 per cent to ¥5.52bn.

Consolidated operating revenue rose 9.4 per cent to ¥380.51bn, while pre-tax profit increased 41 per cent to ¥38.41bn. Group net profit grew 25 per cent to a record ¥23.73bn. The ¥15 dividend is being maintained.

Orix is leading the expand-

ing securitisation market in Japan, which has been underdeveloped compared with countries such as the US. It said yesterday it had taken advantage of Japan's low interest rates to raise ¥300bn by securitising leasing assets.

The company is also seeking business niches in other financial sectors. In July, for example, it acquired about ¥280bn in loans and leasing assets from the bankrupt Crown Leasing Corp and is acquiring Yamachi Trust Bank from Yamachi Securities, which collapsed last November.

For the current year, Orix forecasts group operating revenue of ¥400bn, pre-tax profit of ¥55bn and net profit of ¥30bn.

Yesterday announced that it would change its company articles so it could buy back up to 3m shares for ¥30bn, it has 64.87m shares outstanding.

## NEWS DIGEST

## ELECTRONICS MANUFACTURING

## Consumer downturn behind Sharp's 43% fall

Sharp, the Japanese consumer electronics and liquid crystal display maker, yesterday revealed figures hit by the consumer downturn in Japan last year, but said it saw the business environment improving this year. It also announced plans to buy back up to 100m of its shares, about 9 per cent of the total.

Group revenue was steady at ¥1,790bn (\$13.2bn), helped by stronger overseas sales, but parent company sales dropped 3.2 per cent. Group pre-tax profit fell 43 per cent to ¥50.6bn, and net profits 49 per cent to ¥24.8bn.

For the current year, Sharp sees the Japanese domestic economy and conditions in Asia continuing to be difficult, but it aims to respond with new products, improved quality and increased competitiveness. Consolidated sales are forecast to grow 3 per cent to ¥1,850bn, with pre-tax profits rising 3 per cent to ¥52bn, and net profits growing 5 per cent to ¥26bn.

Katsuhiko Machida, currently senior managing director, will be promoted to president next month, on the retirement of Haruo Tsuji. Mr Tsuji will remain as an adviser to the company. Bethan Hutton

## JAPAN TOBACCO

## Monopoly upbeat despite fall

Japan Tobacco, the former state monopoly, reported sharp falls in profits but expects sales and profits to improve this year. Tobacco sales dropped in the wake of a consumption tax increase in April last year, and the group is also facing increased competition from foreign manufacturers in the domestic market. However, overseas sales increased.

Consolidated sales for the year to March 31 fell 2.7 per cent to ¥3,597bn, and lower sales combined with higher production costs pushed pre-tax profits down 18.7 per cent to ¥115.2bn and net profits down 27.7 per cent to ¥58.0bn.

For the current year, Japan Tobacco sees consolidated sales growing 4.5 per cent to ¥3,760bn, boosting pre-tax profits 22 per cent to ¥133bn, and net profits 13.4 per cent to ¥65bn. Bethan Hutton

## ELECTRICITY

## Tepco advances 53%

Tokyo Electric Power (Tepco), the world's largest private electricity company, reported its first uptick in sales and profits for three years and said it was considering buying back up to 10 per cent of its shares.

For the current year, Tepco sees non-consolidated sales slipping 3 per cent to ¥5,095bn (\$37.4bn), with pre-tax profits dropping 21.8 per cent to ¥170bn and net profits down 23.7 per cent to ¥100bn, partly because of increased depreciation costs as a large new power plant comes on line.

However, analysts said that the longer-term outlook for profitability was good. Deregulation of Japan's power industry and growing competition from independent power producers have prompted Tepco to cut costs and make sharp reductions in capital investment, as well as lowering debt, but there is room for further cuts.

Shrinking debt and lower capital expenditure already had an impact on figures for the year to March 31. Pre-tax profits rose 52.5 per cent to ¥217.35bn, and net profits were 69.3 per cent higher at ¥131.01bn, while sales grew 4.8 per cent to ¥5,252.3bn. Earnings per share leapt 69 per cent to ¥96.34, but the dividend remained at ¥50.

Tepco also said yesterday it was seeking shareholder permission to change company rules to allow it to buy back up to 10 per cent, or 135m, of its shares. However, Paul Smith, industry analyst at HSBC Securities in Tokyo, said it was unlikely that Tepco would carry out more than a token share buy-back in the near future.

"I think they are trying to send a message to shareholders that they are aware of their existence and are making efforts to improve returns," he said. In the short term, Tepco was more likely to concentrate on reducing debt. Bethan Hutton

## RAILWAYS

## Falling spending takes toll

Falling consumer spending and the loss of a tax break hit profits at Japan's two largest privatised railways, but both see a slight improvement in sales for the current year.

East Japan Railways (JR East) said that advance ticket purchases ahead of the consumption tax increase in April 1997 and slow consumer spending since then resulted in no sales growth in the year to March 31. The expiration of a tax break valid for 10 years after privatisation added ¥24bn (\$176m) to the tax on assets. Consolidated sales were steady at ¥2,515bn, while pre-tax profits fell 11.8 per cent to ¥105.0bn, and net profits were 6.3 per cent lower at ¥66.2bn. The dividend was unchanged at ¥5,000.

In the current year, JR East sees sales creeping up to ¥2,522bn, with net profits growing 3.9 per cent to ¥68.8bn. Pre-tax profits are forecast to rise 28 per cent to ¥134.6bn, but Laurent Del Grande, transport analyst at Dresdner Kleinwort Benson in Tokyo, said the apparent strong pick-up was largely due to accounting changes.

West Japan Railways (JR West) suffered from the same negative factors and saw consolidated net profits fall 44 per cent to ¥19.8bn, while pre-tax profits fell 22 per cent to ¥48bn, although sales were up 1.6 per cent at ¥1,228bn. Parent company sales slipped 1.1 per cent. The dividend was also unchanged at ¥5,000.

Strengthening consumption should boost consolidated sales for the current year 2.8 per cent to ¥1,263bn, and pre-tax profits should be up 19 per cent to ¥56.9bn, but net profits are seen falling 21 per cent to ¥15.7bn. Bethan Hutton

## CARS

## Daihatsu declines 31%

Daihatsu Motor, the maker of small cars in the Toyota group, suffered a 31 per cent fall in profits amid a stagnant domestic market. Parent recurring profits fell from ¥19.4bn to ¥13.4bn (\$98m), on sales flat at ¥783.3bn. Net profits rose 8 per cent to ¥6.9bn. A sharp downturn in the Japanese market led to a 9 per cent decline in Daihatsu's domestic vehicle sales. In contrast, exports rose 32 per cent. The carmaker does not expect the situation to improve in the current year: it forecasts lower sales of ¥760bn and lower recurring profits of ¥12bn. Net profits are expected to fall to ¥6.5bn. Michio Nakamoto, Tokyo

## GLASS

## Earnings growth buoys Asahi

Asahi Glass, the Japanese glassmaker, said earnings growth in the year to March 1998 was underpinned by the strong earnings of units in south-east Asia, the US and Europe. Pre-tax profits last year rose 13 per cent to ¥58.8bn (\$477m) on flat sales of ¥1,350bn. The company forecast year to March 1999 operating profit to rise 12 per cent to ¥74bn.

Operating profit from Asian operations is forecast to be flat at ¥15bn this year because of weak Asian economies. This year, Asahi Glass sees the operating profit of its domestic operations rising from ¥23.5bn to ¥23.2bn, with US and European operations flat at ¥15bn and at ¥12bn respectively. AFP-Asia, Tokyo

Losses at CV deepen to \$23

Lukoil close to buy



## COMPANIES &amp; FINANCE: EUROPE

## Zurich Group merger spells growth on an Alpine scale

Swiss insurer's deal with BAT is the latest step in Rolf Hüppi's plan for a 'global powerhouse'

Rolf Hüppi is in upbeat mood. Since he announced the proposed merger of Zurich Group with the financial services arm of the UK's BAT Industries, he has not only improved terms for the Swiss insurer's shareholders, but seen its share price rise by 50 per cent.

When it is approved next month, Zurich Financial Services will be one of the world's biggest insurance and asset management groups, with premium income of \$34bn and a market capitalisation of \$52bn. It will have funds under management of \$375bn.

"This isn't growth for its own sake," says Mr Hüppi. "This has been driven by positions we want in particular markets and countries."

A distribution system giving an insurer direct access to the customer has become essential, he says. Increased competition and greater customer sophistication have pressured insurance companies to diversify.

For its part, ZFS will have some of the best-known retail finance brands in the US. With BAT's Farmers Insurance subsidiary, the third largest property and casualty insurer in the US, it will be able to channel an array of investment products, managed by the Kemper and Scudder Stevens & Clark asset management groups Zurich already owns, through a tied sales force of about 14,000 agents.

BAT's businesses in the UK, life insurer Allied Dunbar, Eagle Star and Threadneedle Asset Management, will complement Zurich's dominance in Switzerland.

Mr Hüppi is already planning his next move. He wants to replicate the new US structure in continental Europe and will probably seek an acquisition to strengthen distribution there. But he is dismissive of any benefit in forging strong links with banks, which have been taking market share from insurers.

"We'll see specialists in risk transfer and in asset management and we'll be



Rolf Hüppi the Zurich Group chief is planning his next move

better at that. Banks have succeeded in life insurance. But that has little to do with investment performance, which will become more sophisticated as markets become more dynamic."

Shareholders looking for a detailed explanation of how Mr Hüppi intends to build a "global powerhouse" will have trouble getting it. The ZFS listing particulars published this week contained few details on the capital employed in various businesses, cost-to-income ratios and other profitability benchmarks.

Analysis question whether ZFS will succeed in selling retail investment products through Farmers. They are also concerned that Eagle Star, a poor performer among UK composite insurers, may be a handoff. Zurich had until now not become heavily involved in the mainstream personal general insurance business, where the UK market especially is very competitive.

Mr Hüppi, though, is confident the direct sales force will be successful in the US. "It's easier to sell a product to a second customer we already have than to sell one to a customer we don't have. The marketing cost is less. Also, the more products a customer holds with us, the longer he stays."

Zurich will bring its own personal insurance operations in the US under the Farmers umbrella, giving Farmers a base in the east. Farmers will also sell non-standard motor cover, insuring young drivers and expensive cars. This could

be very profitable, but will need skilled underwriting.

In the UK, Eagle Star will account for most of the 1,600 job losses from the merger. There will be cost savings of \$400m within three years and further restructuring could take place. "There are businesses both at Zurich and at Eagle Star where we're reviewing whether they meet earnings hurdles, whether they need more investment, and if they fit."

Another unknown, say analysts, is the quality of management. Mr Hüppi's record speaks for itself, joining Zurich in 1993 and becoming chief executive in 1991. He is a forceful character, more attuned to the excitement of Wall Street than the sleepy world of Swiss insurance. Last year, the insurer earned a return on equity of 21.8 per cent.

But he has surrounded himself with a relatively new and untested group of managers. Rolf Häggli, Zurich's long-serving deputy chief executive, stepped down last June. Steven Gluckstern, the only other entrepreneur on Zurich's executive board, is leaving to run a venture capital business backed by Zurich, and is taking Laurence Cheng, Zurich's chief investment officer, with him. Markus Rohrbasser, Zurich's chief financial officer, joined less than 18 months ago, and Dirk Lohmann, head of reinsurance, in September.

William Hall and Christopher Adams

## Losses at CME deepen to \$25m

By Kevin Dene, East Europe Correspondent

Operating losses at Central European Media Enterprises, the leading commercial television operator in east Europe, widened to \$25.4m in the first three months from \$4.2m a year ago.

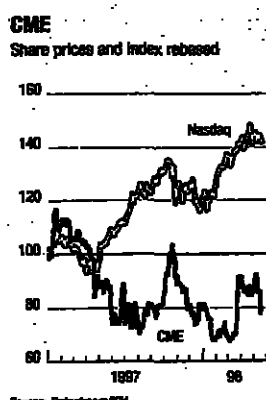
The group has been hit by the heavy start-up costs of TVN in Poland, and TV3 in Hungary, and by the introduction of channels in Romania and Slovenia.

Production costs are also rising as CME stations are forced to meet audience demand for more locally produced programming.

Michel Delloye, the group's recently appointed chief executive, admitted that TVN was "taking longer to develop than originally anticipated".

CME, which shares control of the Polish operation with the local ITI Holdings, is engaged in a costly struggle to establish TVN against public service and commercial broadcasters in east Europe's most competitive TV market.

It has already been forced to compensate advertisers after failing to attract the promised audiences. CME said TVN's performance had



been hit by the poor quality of its signal transmission and by programming constraints.

The net loss for the first quarter fell to \$25m from \$34m. Turnover rose 30 per cent to \$38m.

The group, which operates stations with local partners in the Czech Republic, Slovakia, Slovenia, Ukraine, Romania, Poland and Hungary, is listed on Nasdaq exchange in the US and is controlled by Ronald Lauder, one of the heirs to the Estée Lauder cosmetics fortune.

CME's shares have fallen from a high for the year of \$29.31 earlier this month to \$25.

## Gas Natural to double customers

By Tom Burns in Madrid

Gas Natural, the Spanish gas group, plans to double its customer base to 8.5m clients by 2002, through expansion in Latin America and at home. It also plans to diversify into electricity.

Antoni Brufau told shareholders at the group's annual general meeting yesterday that Pta60bn (\$400m) would be spent on improving gas distribution assets acquired last year in Brazil, Colombia and Mexico. A further Pta70bn would be spent on power generation projects in Spain after deregulation.

A further Pta500m over the next four years will be spent on the completion of pipelines in Spain, where the penetration of Natural Gas is well below the European Union average.

The diversification into electric power mirrors a bid by Endesa, Spain's dominant electricity generator, to move into the gas business.

Gas Natural, which is 45 per cent owned by Repsol, the energy conglomerate, raised its first quarter attributable net profits 14.7 per cent to Pta18.5bn.

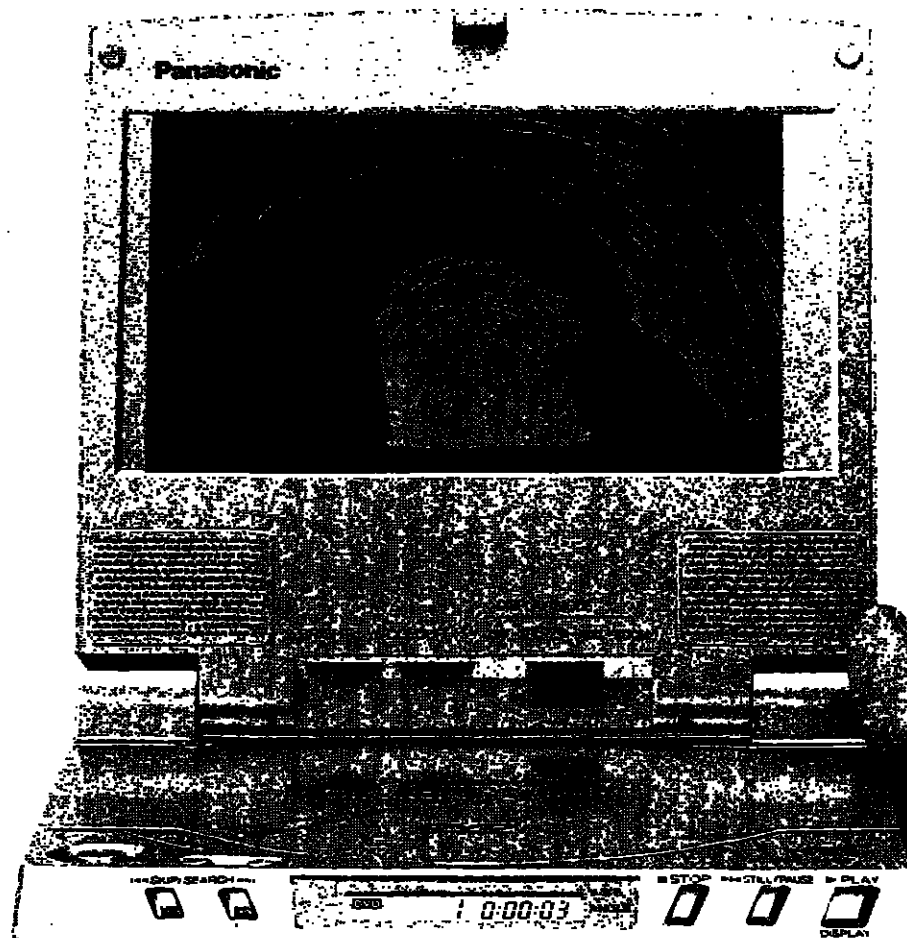
Bedzin, the Polish power group is set to challenge the mining industry's hold over the industry by building a \$55m gas-fired plant in the Silesia region, writes Christopher Bobinski in Warsaw.

Bedzin, which plans a flotation on the Warsaw bourse in September, has signed a letter of intent to supply electricity to a local power distributor in Gliwice. Bedzin is also negotiating a gas supply agreement with the Polish Oil and Gas company.

The new natural gas-fired plant, which would be built in a joint venture with Steag AG, the German power group, will heat Cieladz, a nearby town of 45,000.

Plans for the new plant, which is to come on stream in 2001 with a generating capacity of 100MW-200MW, put Bedzin among the pioneers of the move to gas as a fuel in Poland.

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## Takeover bid spurned by Excite

By William Lewis  
in New York

Excite, one of the leading Internet services companies, yesterday rejected an audacious takeover offer from Zapata, a Texas-based group with holdings in marine protein and food packaging companies.

Zapata, which has a market capitalisation of \$232m, offered \$1.68bn in newly issued stock for Excite, capitalised at about \$1.45bn.

Citing the "excellent fit with Zapata's new strategic direction", Avram Glazer, Zapata's chief executive officer, said the proposed transaction "makes sense for Excite's shareholders because of the capital resources that Zapata can bring to Excite".

However, Excite disagreed and yesterday rejected the proposal. "Given the vast disparity in the market capitalisation of Excite and Zapata, and the complete lack of synergy between the two companies' businesses, Excite believes the proposal is not feasible, would be vastly dilutive and holds no possible value to Excite's shareholders."

In response, Zapata said it "does not plan on going hostile" but stressed its financial strength, with holdings of \$126m in cash and cash equivalents, and securities worth \$288m.

Founded in 1993 by George Bush, former president, as an oil services company, Zapata said it had recently announced a "new strategic initiative" to acquire Internet and e-commerce businesses. So far it has made only two Internet-related acquisitions, the webzines "Word" and "Charged".

The name Zapata was chosen from *Viva Zapata!*, a film about Emiliano Zapata, the Mexican revolutionary.

In 1993 the Glazer family took management control of Zapata and a year later acquired a holding in Eutelsys, a telecommunications company, as part of a strategic move into food production and services.

However, earlier this year Zapata decided on another change of direction and announced their intention to acquire Internet companies. Wall Street analysts reacted sceptically. One said that "while there have been many reasons to call the top of the market recently, a \$250m company with marine protein interests launching a \$1.6bn Internet company is about as topsy as it gets in my humble view".

In morning trading on Wall Street, Zapata's share price fell 5.49 per cent to \$2.01, while Excite's rose 3.01 per cent to \$62.

Zapata is offering \$72 of newly issued Zapata stock for each Excite share.

## YBM dropped from index list after FBI raid

By Edward Alden in Toronto

YBM Magnex International, a Pennsylvania-based manufacturer of magnets and bicycles, has been dropped from the Toronto Stock Exchange index list of 300 blue-chip companies following a raid on the company last week by the Federal Bureau of Investigation.

The company is being investigated by Canadian and US authorities following allegations that it may have been a channel for laundering proceeds from organised crime in Russia.

The TSE may delist YBM, which does not trade on any other exchange. A decision could be made as early as next week depending on the response from YBM, said John Carson, TSE senior vice-president of market regulation.

The case has raised fears of another Canadian stock market debacle like last year's fraud involving Bre-X Minerals. Like Bre-X, YBM shares have been heavily promoted by several leading Toronto brokerages, including Nesbitt Burns, First Marathons Securities and Grifiths McNamara.

Since its listing on the TSE in May 1996, the stock has risen from less than \$25 to a high of more than \$20, giving it a market capitalisation of close to \$1bn.

The stock was at \$14.35 when trading was halted.

Canadian mutual fund companies own roughly 40 per cent of the outstanding shares and their holders

stand to be the biggest losers if the stock is delisted.

Adrian du Plessis, an independent stock market investigator about YBM, charged that Canadian securities regulators have done little since Bre-X to improve their supervision of companies listed on the major exchanges.

American and Canadian authorities are examining the involvement in the company of Semion Mogilevich, a Russian who is one of 31

original shareholders of YBM.

YBM said in a statement on Wednesday that Mr Mogilevich had never exercised control over the company and has never had any involvement in the management of the company.

Mr Carson said the TSE has been thorough in its investigations of the company, and said allegations concerning Mr Mogilevich's links to the firm were unsubstantiated.

Mr Carson said the deci-

sion to drop YBM from the TSE 300 index was reached after a trading halt was ordered last week by the Ontario Securities Commission. He said it was important for the integrity of the index that all its stocks be actively traded.

In an emergency meeting last week, mutual fund managers agreed to value the stock at just \$5 to \$7 in their own portfolios, said John Kassel, research director for the Investment Funds Institute of Canada.

## Aetna sells individual life division for \$1bn

By Victoria Griffith in Boston

Aetna, the insurance group, yesterday sold its individual life insurance business for \$1bn to Lincoln National Corporation, part of a restructuring that will leave it focused on healthcare, retirement planning and emerging markets.

Management is looking to breathe life into Aetna's financial performance, which has been lacklustre in recent years. The group's first-quarter earnings were down from \$1.06 per share in 1997 to 90 cents this year.

"This [sale] is consistent with our strategy of focusing on businesses that have greater scale, strong demographics and offer high-growth potential," said Richard Huber, chief executive. Lincoln is using the pur-

chase to shore up its transformation from a multi-line insurance company to one specialising in life insurance and annuities.

It closed another big acquisition in January, the \$1.4bn purchase of Cigna's individual life insurance and annuities business.

"This is the second major acquisition we have made in the past year to strengthen our ability to serve the affluent estate planning market," said Jon Boscia, Lincoln chief executive.

Aetna said it would use proceeds from the Lincoln sale to finance new purchases, develop internal business units, and continue its stock buy-back programme. Last year, the company repurchased 6.2m of its own shares.

Aetna has been looking for strategic acquisitions to strengthen its concentration in healthcare and emerging markets. In March, it bought NYLcare, the healthcare subsidiary of New York Life Insurance Company, for \$1bn.

Last year, Aetna acquired 50 per cent of Seguros Mercantil, one of the largest insurance companies in Venezuela.

It is banking on strong growth in emerging markets. Its Brazilian and Mexican operations are particularly lucrative, and the company plans to open an operation in China this year.

While Aetna is abandoning individual life insurance products in the US, preferring to concentrate on group products and annuities, it will continue to sell individual life in other countries.

## Fidelity launches Magellan promotion

By John Authers in Boston

Robert Stansky, manager of Fidelity Investments' Magellan Fund, the world's largest mutual fund, yesterday underlined that the fund would continue its traditional emphasis on a "stock-picking" investment style as the company launched a strong promotion campaign.

It was the first time Mr Stansky had given a press conference since he took over management of the fund two years ago. At the time, it was suffering from the disastrous decision to put almost 20 per cent of its portfolio into bonds in an unsuccessful bet that there would be a bear market in equities.

Fidelity suffered bad publicity and has since lost its leading market share of new sales of funds, particularly to companies that specialise in passive indexed funds that merely attempt to replicate the Standard & Poor's 500 Index.

Mr Stansky said Magellan could demonstrate advantages to investors over index funds. "We can answer the critics with performance well above the index over time. About 25 per cent of the fund's holdings are not in the S&P 500. Those positions were really helpful to our performance. The biggest were American Online and Alcatel."

He also reaffirmed Magellan's approach as a "bottom-up" fund which concentrated on stock-picking, rather than asset allocation. He said he spent "zero time" attempting to predict the next move in US interest

rates, and instead examined companies' balance sheets to see whether they were well positioned in the event of a monetary tightening.

Fidelity closed Magellan to new investors last September, but investors who already held shares in the fund, or who are members of a pension plan which includes it as an option, can still take new investments.

Its decision to restart publishing Magellan follows an improvement in its performance. It has out-performed the S&P 500 so far this year, although it is still behind Fidelity's own index funds over the past five years.

Fidelity emphasised its long-term performance, pointing out that a \$10,000 investment on the fund's opening in May 1993 would now be worth \$12,05m.

Small shareholders of Chrysler, the smallest of the "Big Three" US carmakers which is proposing to merge with Germany's Daimler-Benz, yesterday got their chance to comment on the \$40bn proposed deal at the company's annual general meeting but raised few protests.

One shareholder asked why anyone would want to sell an American company, making good profits - particularly given that US taxpayers' money had been used to rescue Chrysler in the not-so-distant past. Bob Eaton, chairman, pointed out that the assistance had taken the form of loan guarantees, subsequently repaid.

He also maintained that the current deal did not represent a sale to Daimler, but a merger of both businesses into a newly formed corporate vehicle.

"I'm not very enthused," commented a former Chrysler employee. "I made a lot of sacrifices to help Chrysler keep afloat in the early 1980s, along with many in the US. For many of those reasons, I'm opposed to the merger."

However, a fellow retiree thought the deal made business sense: "You have to look at this in order to survive."

Meanwhile, in response to a long protest against the Daimler-Benz deal by a woman describing herself as a Holocaust survivor, Mr Eaton said that he understood the depth of her feeling. But he said: "This [deal] was done as the company exists today, not 50 years ago."

The strengthened business ties would help weigh against any recurrence, Mr Eaton continued. "In some small way businesses working together worldwide create an environment in which you're not likely to have that repeated."

The Chrysler chairman avoided detailed questions on the proposed merger, but reaffirmed his belief that consolidation would increase in the industry generally: "I can't answer any of the questions you may have about the merger, because of the SEC rules, but I can say that... there will be other mergers in the global auto industry. There's no question about it - that's inevitable because of overcapacity."

Chrysler, he added, was aiming to hold its own shareholder meeting to those on the Daimler deal in August - with a view to completing the transaction by mid-autumn. The proxy document, ahead of that meeting, should be released in the first half of July.

## Consolidation hits Mexican fund management sector

By Henry Tricks in Mexico City

Less than a year after Mexico launched private pensions, a wave of consolidation has started among fund management groups, or Afores, that the industry hopes will eliminate the weaker players.

The pace has been set by Profuturo-GNP, Mexico's third-largest Afore, which is awaiting approval from Mexico's Federal Competition Commission to buy Prevenir, ranked 11th of the 17 Afores in terms of the numbers of workers affiliated at April 30.

The purchase price was agreed at \$80m, which industry officials said was higher than Prevenir's investment in its first year, but on a par

with sums paid in other private pension markets such as Chile's, which is also consolidating.

The industry regulatory body, Consar, said Inbursa, owned by Mexican billionaire Carlos Slim, was also awaiting approval to absorb Capitaliza, which is currently 16th in the pecking order.

This week, owners of Afore Atlantico-Promer said they were keen to sell, following the purchase of the Guadalajara-based bank Promer by Mexico's top banking group, Grupo Financiero Bancomer.

According to industry officials, Afore Confia-Principal is one of the Promer-Atlantico suitors, even though it has one of the smallest market shares, at just 0.69

per cent of workers so far affiliated.

"The talks and the flirting is beginning, but there's nothing official yet," said Raul Bravo, head of the industry association, Amafore.

Consolidation could shrink the number of Afores to 13 or fewer by the end of next year, Mr Bravo said, which he said would help shore up the system because bigger funds tended to be more profitable.

According to Consar, five of the Afores have so far registered profits. But high start-up costs and a concentration of workers in top-name funds such as Afore Bancomer, have led some of the smaller groups to consider throwing in the towel.

## Wall St turned on by Eaton's high-value control systems

The successful transformation of the Ohio-based group is impressive, writes Peter Marsh

In a list of companies that have benefited from the long period of US economic growth, Eaton would come near the top. With four-fifths of its \$7.5bn sales last year coming from North America, the Cleveland-based manufacturer of industrial controls and vehicle parts has since 1992 seen a threefold increase in its net income and share price.

Buoyed by this success, Eaton plans to increase annual sales to \$10bn by early next decade, as well as lifting earnings per share by 10 per cent a year over the next three years.

A large part of this growth should come from the expansion of its operations in Europe, Asia and South America, according to Stephen Hardis, chairman and chief executive. He is looking for an extra \$1bn a year of non-US revenues within five years.

In the past decade, Eaton has switched emphasis from being primarily a maker of low-value automotive parts to one that gains more than half its sales from high-value control systems for a range of industries. It has also built a large business in semiconductor production equipment.

Stockmarket analysts have generally been impressed with the transformation of an 87-year-old company that in the 1980s was viewed as a stodgy mid-west metal basher. Lisa Shallet, of Sanford Bernstein, says the company has demonstrated "clear conviction" in concentrating in fields where it has a technical and marketing edge. Eli Lustgarten, of Schroder & Co, says: "I'm exceptionally bullish about Eaton. It has the capacity to become one of the darlings of Wall Street."

According to Mr Hardis, who started his career with the company 19 years ago and has been chief executive since 1996, the key to Eaton's recent growth has been its ability to add new technologies to fairly traditional products.

"How well a company can use its engineering resources to solve customer problems is increasingly the biggest factor defining success," he says.

Last year, Eaton lifted net income 17 per cent to \$410m. In 1992 net profits were just \$140m, while revenues have almost doubled. This year, Eaton is forecasting further profits growth, even though first-quarter earnings were hurt by a downturn in demand in south-east Asia for its semiconductor pro-



Confident: Stephen Hardis sees longer-term growth

duction systems. Maintaining the momentum, Eaton is planning to spend \$100m this year, four times 1995's figure, on what it calls "corporate growth programmes" tied to directing new or existing products into new markets or finding ways to make them more efficiently.

Research and development linked specifically to new products, as opposed to "defensive" R&D aimed at adding a competitive edge to products already on sale, will cost \$215m this year, nearly 10 times the figure spent in 1986.

Much of this technological activity is being directed into Eaton's largest division, manufacturing and electrical process controls, which accounted for 30 per cent of revenues last year. Built around the purchase of the Outler-Hammer electrical business from Westinghouse in 1994, it is among the US's four biggest makers of industrial control products, the others being General Electric, Rockwell and Schneider.

While Eaton last year sold its appliance controls division to Siebe of the UK for \$100m, it is keen to expand its \$700m-a-year automotive controls business at up to 10 per cent a year, according to Mr Hardis. This division, with headquarters in Strasbourg, France, gains half its revenues from outside the US and is expanding in Brazil and China.

Also poised for longer-term growth is the semiconductor processing equipment unit, a sector where it is

among the world leaders. Its sales of this equipment reached \$700m last year, and Mr Hardis is seeking to increase this figure to \$1.5bn by 2002.

"Weakness in the important markets in Asia may hold us back a bit more than I expected a few months ago, but for the longer term I am very confident about reaching this target," he says.

The rest of Eaton's sales - about \$3.5bn last year - come from automotive components.

The company has benefited from the surge in North American truck and car production in the past few years. It has attempted to concentrate on the higher-value end of vehicle parts.

Eaton is a world leader in engine valves. With INA, a German company, it is one of the two biggest specialist suppliers of "hydraulic lifters" - products used in the valve systems of high-performance cars.

With Europe and the Pacific Rim accounting only for 14 per cent and 2 per cent of Eaton's sales last year, Mr Hardis says he is looking for acquisition targets that would fit with his aim of increasing earnings per share from \$6.45 last year to above \$8 in 2000.

Japan and Korea look particularly promising - with potential targets in controls and vehicle parts possibly for sale at relatively low prices because of the Asia crisis.

Mr Hardis does not disagree with analysts' estimates that he would be ready to spend up to \$2bn on the right acquisition.

## Shareholders quiz Chrysler on Daimler deal

By Nikki Teet

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## CarrAmerica acquires HQ

By Norma Cohen, Property Correspondent

CarrAmerica Realty Corp, the US property operating company, will today make its first foray into Europe with the acquisition of the UK franchise of HQ, the serviced office provider.

The deal, worth up to \$33m (\$53.8m), is part of a growing move by US real estate investment trusts (REITs) to expand their property holdings into Europe to meet the accommodation needs of their multinational tenants.

US-based corporations are increasingly reluctant to tie themselves to the long-term, inflexible lease structures demanded by UK landlords. The availability of so-called serviced offices offer a much cheaper and more manageable alternative.

HQ allows tenants to take leases as short as three months and offers services including secretarial and office support staff, video conferencing, computer facilities and internet access.

The move into Europe is expected to intensify competition for tenants in a market in which landlords have long been able to dictate rents and lease terms.

"We have done extensive research on our targeted customer base," said Thomas Carr, president and chief executive of CarrAmerica. "They want flexibility and they want to outsource some of their short-term needs of office space." CarrAmerica's tenants include Motorola, Lucent Technologies and Clarify, a software company.

The company is one of the largest providers of office space in Silicon Valley and many of its largest clients are high-technology companies seeking to market new products in Europe.

CarrAmerica has acquired several US franchises of HQ in deals valued at about \$127.2m. With this latest acquisition, CarrAmerica will own or operate 107 serviced office sites in the US and the UK with a further 17 under development in the US.

CONSOLIDATED HIGHLIGHTS		1997	1996
AS AT DECEMBER 31, 1997		(billions of Lira)	(billions of Lira)
THE DIVIDEND FOR THE FISCAL YEAR ENDING 31 DECEMBER 1997 IS EQUAL TO LIRE 1.250 PER SHARE PAYABLE FROM 18 MAY 1998. DURING THE MONTH OF JULY THE DISTRIBUTION OF ANOTHER EXTRAORDINARY DIVIDEND OF LIRE 1.000 PER SHARE IS FORESEEN.			
THE ENGLISH VERSION OF THE 1997 ANNUAL REPORT, INCLUDING US G.A.A.P. RECONCILIATION, WILL BE AVAILABLE UPON REQUEST FROM THE HEADQUARTERS OF IMI S.p.A.			
<b>BALANCE SHEET DATA</b> Total assets 55,042 52,341 Total liabilities 91,177 79,542 Shareholders' Equity 8,381 8,000 Funds under management 33,329 23,980			
<b>FINANCIAL MARGINS</b> Profit on ordinary activity 1,150 921 Profit for the year 744 660			
The contents of this statement, for which the Directors of IMI are solely responsible, have been approved for the purposes of Section 37 of the Financial Services Act 1986 by Price Waterhouse as an authorised person.			
<b>ISTITUTO MOBILIARE ITALIANO S.p.A.</b> Headquarters Viale dell'Arte, 25 - 00144 Rome			
Inscribed in the Company Register of Rome no. 10945/91 (Tribunal of Rome) - Inscribed in the Registry of Banks and Parent Company of the IMI Group - Inscribed in the Registry of Banking Groups - Member of the Interbank Deposit Protection Fund - Tax Code no. 00248420588 - VAT no. 00896201001			
LISTED ON MILAN TELECOM, LONDON SEAO AND NYSE			



ADVERTISING MORE RECOMMENDS REVISED £475M BID FROM US GROUP AFTER MMC DECISION

# Referral leaves Clear Channel ahead

By Andrew Edgecliffe-Johnson

Clear Channel Communications appeared last night to have won the battle for More Group, the bus shelter and billboard company, after rival bidder Decaux had its £475m (£793m) offer referred to the Monopolies and Mergers Commission.

Clear Channel responded by raising its offer from £468m to the level of the Decaux bid, which lapsed as

a result of the reference. More's directors unanimously recommended the revised bid.

Roger Parry, More's chief executive, said the US media group seemed to have won "game, set and match".

Clear Channel's broker, BT Alex Brown, also swooped into the market to pick up 17 per cent of More's shares, and set a June 13 deadline for accepting its bid.

Analysts said the 17 per cent stake, coupled with the fact that the MMC will not tell Decaux whether it can bid again until September 8, would make it more difficult for the French group to combat Clear Channel.

However, More's shares ended 13 1/2p higher at £11.30 - above Clear Channel's revised £11.10 offer, which it lifted from £10.30 yesterday.

Decaux said it was "considering its options with its

advisers" and would make a further announcement. It recommended that More's shareholders take no action in the meantime.

Analysts said it might try to stay in the bidding by promising shareholders that, if it were to be cleared, it would return with a bid at a higher level. Mark Mays, president of Clear Channel, said: "I don't think any of the institutional shareholders will fall for that."

Decaux expressed surprise at the Department of Trade and Industry's decision. The DTI ruling, which followed advice from the Office of Fair Trading, was that "the provision of street furniture to local authorities at little or no cost, in return for advertising rights, can be regarded as a separate market" from the broader outdoor advertising market.

Decaux and More together would control about 90 per

cent of the market.

Decaux had argued that the DTI should have considered the broader outdoor advertising market, of which the two companies have just a 24 per cent share.

Mr Parry said if the Clear Channel takeover was successful, More would step up its efforts to invade Decaux's home turf. "We will recruit 100 staff in France to go for the French market in a massive way."

## London and Sydney float for CCB

By John Williams in London and Russell Baker in Sydney

Coca-Cola Beverages, the largest bottler of carbonated soft drinks in eastern Europe, will be floated on the London and Sydney stock markets through an institutional placing expected to value the group at about £1.5bn (\$2.5bn).

The new company, which will cover 13 central and eastern European countries, had sales last year of £1.2bn,

generating operating profits of £47.8m. Listing particulars are expected in the next two weeks, with dealing in the shares starting on July 13.

The flotation, managed by SBC Warburg Dillon Read and Credit Suisse First Boston, will offer investors a stake in a consumer group focused largely in the emerging markets of the former communist bloc.

Coca-Cola Beverages is being created by a proposed demerger by Australia-listed

Coca-Cola Amatil of its existing European Coke businesses which are in 13 countries. These include Austria and Switzerland, as well as Poland, Ukraine, Romania and seven other former communist countries.

The demerger, subject to approval in Australia, will give Amatil's shareholders one new share in the Australian company and one in Coca-Cola Beverages. That would give The Coca-Cola Company, the Atlanta-based

parent of the Coca-Cola network, about 30 per cent of the shares in CCB.

The new company will also acquire the Italian bottling and distribution operations of Coca-Cola of the US for \$87m. Part of the payment will be 212m shares in CCB, taking Coca-Cola's overall stake in CCB to 50.1 per cent.

The London listing will provide a clearing house for Amatil holders to sell their shares through a bookbuild-

ing exercise by SBC Warburg Dillon Read. No new shares will be issued.

San Miguel, the Philippine conglomerate which owns about 20 per cent of Amatil, intends to sell at least a quarter of its CCB shares through the clearing house.

The Kerry Group, controlled by Malaysian tycoon Mr Robert Kuok has yet to decide what to do with its 4 per cent stake.

Lex, Page 12

## PowerGen sets its sights on a US buy

By Andrew Taylor

A large US acquisition and purchase of a UK regional electricity supply company were at the top of PowerGen's shopping list, Britain's second largest fossil fuel generator, said yesterday.

The group plans to raise cash by selling its domestic offshore oil and gas interests, which it estimated to be worth "some way north of £200m".

Ed Wallis, PowerGen's chairman, also swung the group's support behind efforts to preserve a power station market for British coal.

The generator, which has lost market share to independent gas fired stations and nuclear power, yesterday reported pre-tax profits before exceptional items of only £5m to £50m (£97m) in the year to March 29.

The figures excluded a £202m windfall tax and a £369m write-down, mostly against the company's oil-fired power station at the Isle of Grain. The shares fell 16p to 76p.

Mr Wallis said the group needed to replace lost earnings from generation.

He confirmed that talks had taken place with a number of potential partners in the US. These are thought to have included merger talks with Houston Industries which could involve the creation of a \$10bn business.

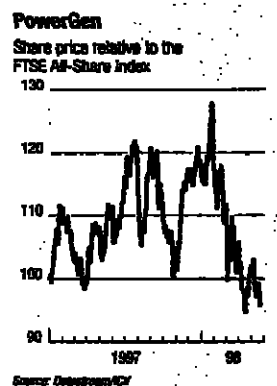
National Power, Britain's largest fossil generator, complained this week that prices being offered for US electricity businesses were too high.

## COMMENT

## PowerGen

Managing decline does not feature in PowerGen's lexicon. Yet, yesterday's results were strong enough to ward off the unflattering description for the moment. Government plans to impose a moratorium on new gas-fired power stations will also do its bit to bolster the generators' market dominance. But falling volumes and falling prices are inevitable. PowerGen reckons pool prices nudged down a mere 0.4 per cent year-on-year - odd given that the country was baking in the fifth warmest winter this century. Still, PowerGen does more of its business via contracts, and the price of this electricity will fall this year.

Fortunately for PowerGen, it is in a position to do something about the gap this will make in its earnings. With net debt of some £480m, its ratio of net debt to enterprise value is under 10 per cent. If PowerGen were a water company, shareholders would be demanding a share buy-back. PowerGen has other plans. A new government may look more kindly on its renewed ambitions to buy into the electricity supply businesses. Buying a route to market would make strategic sense, but whether it can buy UK assets at value-creating prices remains to be seen. A US deal, structured as a no-premium merger, could also be attractive. If the right deal cannot be done, the pressure for a buyback will be on.



## Bass lifts gloom in sector

By John Williams

Bass, the UK's second largest brewer, said it saw no sign of an easing in consumer spending in its 2,625 pubs where sales were rising by 4.4 per cent a year and profits by 13.6 per cent.

The statement boosted the shares of most pub operators, which had been slipping after several recent warnings of poor sales over the wet Easter holiday. Bass shares rose 17p to £10.87.

Sir Ian Prosser, chairman and chief executive of the brewing and hotels group, said Bass planned to invest about £500m in its pubs this year, with returns of about 10 per cent a year and no loss in the sector.

But he warned that competition was hotting up in a sector where most brewers were continuing to invest heavily.

The group reported a 68.6 per cent increase in pre-tax profits to £538m (£896m) for



Sir Ian (l) and Richard North, finance director, confirm smooth check-in for £1.77bn Intercontinental hotel chain.

the 28 weeks to April 11. This was after net exceptional gains of £226m, including profit on the disposal of its leased pubs business, Gala bingo clubs, Coral's betting shops and Barcrest gaming machines.

Integration of the 187-strong Inter-Continental group was going smoothly.

The £1.77bn purchase was completed on March 26, so had no impact on the results.

In brewing, export figures were hit by the strength of sterling and reduced volumes of Hooper's Hooch, the alecock.

Lex, Page 12

## RMC in German cement purchase

By Jonathan Griffin

RMC Group, the building materials company, has bought Wulfrath, a German cement business, for DM453m (\$260m) in cash and the assumption of DM61m in interest-bearing debt.

RMC said the move would confirm its position - previously hotly contested - as the third-largest cement producer in Germany, behind the two market leaders, Dickerhof and Heidelberg.

Kevin Cammack, an analyst at Merrill Lynch, the broker, said the purchase was part of a broader "consolidation drive" for UK building materials companies.

Wulfrath was put up for sale by Rheinische Kalksteinwerke Wulfrath, a privately-owned industrial group, late last year.

The company produces some 3m tonnes of cement a year. This compares with estimated output from RMC's existing German

operations of 6m-7m tonnes.

The business made pre-tax profits of DM42m on turnover of DM268m in the year to September 30 1997.

Net assets of Wulfrath were valued at DM90m before the deduction of debt and include 47m tonnes of limestone reserves. Analysts said revaluation of the assets according to UK accounting standards would almost double their value.

RMC said that reorganising Wulfrath would cost about DM17m in 1998, but that eventual cost savings from combining it with its existing German business would be more than DM30m a year. The full benefit will not be realised until 2000.

RMC is tipped to sell some of the assets of Wulfrath to realise up to DM150m.

Mr Cammack said: "After disposals, RMC will effectively have paid £125m for a business that could earn over £20m in about two years - that does not strike me as bad going."

## Strong debut for Computacenter

By Christopher Price

Strong demand for shares in Computacenter pushed the market value of the UK's biggest combined computer distributor and services group to more than £1.5bn (\$2.17bn) as it made its debut on the London stock market.

The closing price left Philip Hulme and Peter Ogden, the founders, holding shares worth about £800m. Mr Hulme, chairman of the group, also received £35.5m from the sale of shares in the float, which he has said

he will donate to charity.

The shares were priced at 670p - top of the projected range - giving a market capitalisation of £1.1bn. However, with the offer more than 10 times subscribed, the shares rose sharply hitting 822 1/2p at one stage before settling at 769p.

The demand for the shares underlined the continuing appetite among fund managers for shares in the UK information technology software and services market.

Computacenter is raising about £43m from the offer.

## RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current dividend (p)	Date of payment	Dividend cover	Total for year	Total last year
Airflow Structures	Yr to Feb 28	93.1 (105)	5.62p (2.1)	59.85 (15.74)	8	July 20	8	8
Bass	28 wks to Apr 11	2,345 (2,693)	536p (516)	497 (24.8)	9.1	July 27	8.3	27.5
Brooks Industrial	6 mths to Mar 31	14.8 (15.2)	0.24p (0.29p)	1.31 (7.5)	1.75	July 3	1.5	5
Capital Radio	6 mths to Mar 31	58.1 (53.8)	25.6p (18.1p)	23.2 (16.1)	4.75	July 1	4.3	13.75
Chamberlain & Hill	Yr to Mar 31	28.4 (27.8)	2.73p (2.01)	25.58 (18.07)	6.25	July 31	5.5	8.25
Creative Publishing	Yr to Mar 31	155.2 (180.8)	5.24p (13.6)	0.37 (0.37)	0.37	July 19	0.37	5.1
Electronic Data	6 mths to Mar 31	5.61 (6.48)	1.24 (0.80)	3.23 (2.01)	0.66p	Aug 3	0.56p	2.2
El Oro	Yr to Dec 31	- (1)	1.84 (2.75)	26.69 (43.28)	23.5	Oct 30	22.5	22.5
Exploration Co	Yr to Dec 31	- (1)	2.2 (3.07)	13.33 (18.22)	11.5	Oct 30	11	11
Grammy	Yr to Mar 31	15.3 (12.9)	0.15p (0.15p)	4.32 (0.37)	1.5	July 23	1.5	2
Old English Pub	Yr to Mar 28	35.2 (43.9)	4.5 (1.63)	14.91 (7.77)	1.8	June 19	1.2	6
PowerGen	Yr to Mar 29	2,332 (2,698)	211p (577)	19.31 (44.2)	20	July 21	17.4	29
Providence Res	6 mths to Feb 28	0.732 (1)	0.03p (1)	0.01 (1)	-	-	-	-
Recognition Systems	6 mths to Mar 31	0.327 (0.328)	1.33p (1.13p)	3.81 (4.11)	6.5	Aug 7	5	7.75
Seafarmer	Yr to Mar 28	43.6 (37)	7.41p (5.33p)	31.61 (25.51)	5.4	Aug 18	4.8	9
Shirlington	Yr to Mar 28	1.35 (1.25)	12.5 (37.4p)	21.4 (13.2)	20.35	Aug 12	18.5	28.6
Vanguard Thompson	Yr to Mar 31	214.1 (243.2)	32.8 (30.7)	66.9 (61.9)	8.15	July 2	7	10.5
Warner Home	Yr to Feb 28	27.4 (28.7)	7.13p (7.88)	20.46 (22.04)	Current dividend	Current dividend	Total for year	Total last year
Investment Trusts	Yr to Mar 31	89.3 (88.9)	3.57 (3.58)	4.61 (4.83)	1.25	June 25	1.58	4.58
Fleming Worldwide	Yr to Mar 31	186.06 (163.78)	3.24 (2.38)	3.84 (2.82)	2.25	July 1	1.5	3.75
Hearts Sweet Street	Yr to Mar 31	126.84 (113.67)	1.14 (0.84)	2.27 (2.07)	1.1	July 2	0.8	2.1

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. \*Comparatives related. \*\*After exceptional charge. \*\*\*After exceptional credit. \*\*\*\*Increased capital. \*\*\*\*\*Reduced capital. \*\*\*\*\*Currency. \*\*\*\*\*Competition. \*\*\*\*\*Per share.

## The Royal Bank of Scotland Group plc

£200,000,000  
FLOATING RATE NOTES 2005

In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from 20th May 1998 to 20th August 1998, the Notes will bear a Rate of Interest of 7.5625% per annum. The amount of interest payable on 20th August 1998 will be £95.31 per £5,000 Note and £95.08 per £50,000 Note.

AGENT BANK:  
Charterhouse Bank Limited  
is Regulated by The Securities and Futures Authority



## NOTICE TO UNITHOLDERS OF MBF INDOONESIAN GROWTH FUND

The Manager of the Trust, having regard for the interests of the unitholders and with the approval of the Trustee, announces SUSPENSION OF DEALING IN THE MBF INDOONESIAN GROWTH FUND with effect from 21st May 1998 until further notice.

Suspension is in accordance with Clause 6 in Appendix F of the Trust Deed, as the Manager has difficulties in trading in or valuing investments in Indonesia under the present situation there.

Any subscription orders received on or after 21st May 1998 will be returned and any redemption requests will be carried forward automatically to the first effective dealing day after the suspension has been lifted.

For enquiries, please contact Charles Schmitt at MBF Unit Trust Managers Limited at 1701 One Pacific Place, 88 Queensway, Central, Hong Kong. Tel: 2669-0800.

**REDEMPTION NOTICE**  
**CITICORP**  
U.S.\$50,000,000  
Floating Rate Notes Due June 25, 2001  
ISIN No. XS0000000002  
Custodian Code No. 38050805

NOTICE IS HEREBY GIVEN THAT Citicorp has elected to redeem on June 25, 1998 the "Redemption Date" all of the U.S.\$50,000,000 Floating Rate Notes Due June 25, 2001 issued by Citicorp on June 23, 1995 (the "Notes"), or a redemption price, which will become due and payable on the Redemption Date, equal to 100% of the principal amount of the Notes plus interest accrued to, but not including, the Redemption Date. On and after the Redemption Date, interest on the Notes will cease to accrue.

The Notes are to be redeemed at the main office of Citicorp, N.A. in London and at the main office of Citicorp (Europe) S.A. in Luxembourg. Payment of the Notes will be made upon presentation and surrender of the Notes together with all appropriate Coupons, if any, maturing subsequent to the date fixed for redemption. In the event that Coupons maturing subsequent to the date fixed for redemption are not so presented (the amount represented by such Coupons, as determined in accordance with the terms of the Notes, will be deducted from the redemption price).

May 22, 1998  
By Citicorp, N.A. (London branch), Fixed Agent

**REDEMPTION NOTICE**  
**CITICORP**  
U.S.\$250,000,000  
Floating Rate Notes Due September 2000  
ISIN No. XS0000000009  
Custodian Code No. 38050806

NOTICE IS HEREBY GIVEN THAT Citicorp has elected to redeem on June 24, 1998 the "Redemption Date" all of the U.S.\$250,000,000 Floating Rate Notes Due September 2000 issued by Citicorp on June 21, 1995 (the "Notes"), or a redemption price, which will become due and payable on the Redemption Date, equal to 100% of the principal amount of the Notes plus interest accrued to, but not including, the Redemption Date. On and after the Redemption Date, interest on the Notes will cease to accrue.

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May 22, 1998  
By Citicorp, N.A. (London branch), Fixed Agent

**IDBI**  
INDUSTRIAL DEVELOPMENT BANK OF INDIA  
(Established under The Industrial Development Bank of India Act, 1949)  
Head Office: IDBI Tower, WTC Complex, Cuffe Parade, Mumbai - 400 005, Gurgaon: IDBIANKONG.  
Tel No: (091-022) 218117, Fax No: (091-022) 2181294.

**AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 1998**

Sr. No.	Particulars	Year ended March 31, 1998	Year ended March 31, 1997
1.	Income from operations	1683.50	1443.00
2.	Capital gains	18.25	13.25
3.	Other income	31.25	34.75
4.	Interest & Finance Charges	1186.25	1042.00
5.	Other expenditure	53.75	40.75
6.	Gross profit (1+2+3-4-5)	493.00	408.25
7.	Depreciation	43.00	37.75
8.	Provision for taxation	74.75	100.25
9.	Income tax provision written back	0.00	6.25
10.	Loose Equalisation for earlier years	0.00	9.50
11.	Net Profit (6-7-8+9+10)	375.25	286.00
12.	Paid-up Equity Capital	164.75	164.75
13.	Reserves and Surplus	1369.75	1149.25
14.	Share Premium	466.25	465.75
15.	Net Worth	2000.75	1779.75
16.	Total Assets	14989.25	12582.25
	Earnings per share (\$)	0.56	0.42
	Book value per share (\$)	2.97	2.64
	Dividends	6049.50	4262.25
	Disbursements	3791.25	2859.75
	Equity Dividend (%)	45	35

Converted @ Rs. 40 per US\$

The above statement of financial results was placed and approved at the meeting of Board of Directors held on May 8, 1998.

Dividend on equity share @ 45% p.a. for the financial year 1997-98 has been declared by the Board for adoption at the AGM.

By Order of the Board  
Sd/-  
(S.H. Khan)  
Chairman & Managing Director

May 8, 1998  
Mumbai

BUSINESS LUNCH BOB AYLING, BRITISH AIRWAYS CHIEF EXECUTIVE

# All smiles in the workshop

Lucy Kellaway has a smooth trip around BA's new offices, but finds the grins fixed and the in-flight salad dull

"Dear Lucy (if I may)," wrote the chief executive of British Airways. "I would be tempted to have lunch with you on the condition you have lunch with me here. There are good things being done in British Airways at the moment which I would like to tell you about. Yours very appreciatively, Bob."

Bob Ayling does not look in the least apprehensive as he comes down to meet me in the reception of British Airways' brand new headquarters. Smooth and smiling, he makes it clear that he is in full control of the occasion. First, he says, he will give me a tour of the building. Then we will have a further tour of the building. Okay?

Great, I say, but my heart is sinking. I had hoped for a long private session with this New Labour businessman: a long session with a building is not quite the same. Still, as buildings go, this one is quite something, light and airy - the last word in corporate fashion. Off we go down the main street, past the river that runs along it, the café and the supermarket.

"I don't like to think of it as a head office at all," he says enthusiastically. "I prefer to call it a workshop."

As we progress around the "workshop", I notice that everywhere people are smiling - or rather they start smiling as soon as they see my guide.

"Hi, how are you," he says to a lady selling flowers. "Fine!" she beams back. "Hi, Alan!" he says to a man wearing a large badge saying "Alan". "How's it going?" "It's exciting!" says Alan.

He takes me up in the glass lift to one of the work spaces. Bob (if I may) asks a

young man in a T-shirt to tell me all about "hot-decking" - the trendy office system that prevents anyone having their own desk. "It's really great!" says Bob. "Thanks Anil!" says Bob. December 19, the day he moved into this building, was the happiest day of his life, he says. At first it was cold and he took to wandering around in a jumper. Before long other people started to copy him, and, much to his pleasure, a new look informal style of dress at British Airways was born.

**'Hi, Alan!' he says to a man wearing a large badge saying Alan.**

**'How's it going?'**

I point out that sweaters are the trademark of the competition at Virgin Airways, and Bob stops smiling. "It's not something to make a big deal about," he says coolly.

"Let's go and have some lunch," he says at last. He steers me past a smart dining area with white table cloths.

"I don't go in there," he says dismissively. "The food is great in the canteen and I meet people." Inside he makes for the salad bar. "The rollmops are good," he says, avoiding them and helping himself to a few pieces of cucumber and a modest portion of kidney bean salad. I choose a mixture of dull salads and supplement it with crumble and custard. We queue up, like everyone else, he gives them his electronic card, and we take our trays to an empty

table. Who does he usually sit with? I ask. Does he suspect that staff may live in dread of the chief executive joining them just as they were starting to moan? "Moaning about me, you mean?" he says and laughs.

There was a time last year when some of them did more than moan about him, they went on strike. "It was strange being accused of being a 19th century mill owner," he says recalling that time. "If only people knew what 19th or even 20th century mill owners were really like! This must be one of the world's most attractive employers!"

He talks with the air of a man certain he is right, puzzled as much as hurt by the scale of last year's upset.

As he picks at his lunch he looks me straight in the eye. The effect is unnerving, he seems to be challenging me, but I am not quite sure how. I ask whether the job is worth it. "What I really like is the ability to bring about change," he says, as if reading from a script. I persist: does he ever wish he wasn't chief executive of BA. No, is the answer.

I ask what he does when he isn't running BA. Apparently he spends time at home, he sits in the garden, walks and reads. "Do you read? What are you reading at the moment?" He fires off the questions briskly, and I imagine how uncomfortable it would be to be an employee without the answers to hand. He is reading Michael Ondaatje's *The Skin of a Lion*.

"I try to read things I enjoy," he says. So that rules out management books, I say. He laughs. "I did read one once. I don't think I finished it."

"Management is about... I don't really know - I'm learning still." He puts his hand on his heart. "I learnt everything from Colin." The idea that this manager who has opted for an ultra-



One of the crew: "The food is great in the canteen and I meet people!"

Colin Beers

friendly style could have learnt the tricks of his trade from his cold-as-ice predecessor, Sir Colin Marshall, was a surprise, but I let it pass. He takes the refreshing view that management is a down-to-earth task; that deciding the grand strategic direction is a tiny part of the job. "We have people who think about strategy, they come up with the ideas and we try to spot the good ones. We make mistakes - sometimes it's luck, sometimes judgment. It's more important to cheer people up."

The next stop is the capricious bar. I ask him about the ordinary house in Stockwell, south London, where he has lived since his children were small. "Every time I suggest we might move I get lynched by the family, so I've given up." I say that living somewhere so modest has done his image

plenty of good. He shrugs: "I'll tell you what I like about it. If I got the sack tomorrow everyone I know who lives near by would still know me as Bob Ayling. I wouldn't be this bloke that has just got the sack."

"Now," he says as soon as I've drained my cup. "I'm going to take you upstairs to show you my non-office."

He has already made so much of not having an office that I am surprised to find an area with glass walls on three sides, a big sofa, chairs and a table. It is comfortable, spacious and quite private. I point out that he is not exactly in with everyone.

"Well," he says. "Yes and no. Being in with everyone else may not be what they want. I would have been perfectly happy to do it. Here everyone can see me. People don't need appointments, if I am busy they will go away."

On the coffee table is a copy of that day's FT carefully folded on an article I had written. He says something lightly disparaging, and I warm to him. Being professionally nice is not good for someone as sharp as Bob Ayling.

However, the departure from script is brief. He gets himself a prompt sheet and reads out facts and figures about how many people want jobs at British Airways, and by way of a going home present hands it to me.

It takes some time to leave the building as everyone we meet needs greeting. I tell him when the article will appear. "I will live in fear and trepidation. I vowed I would never subject myself to this." The idea that Bob Ayling has done something against his better judgment does not sound plausible, somehow.

TECHNOLOGY SEARCH FOR STELLAR LIFE

## Light on the big question

**Bruce Dorminey asks if intelligence elsewhere may have harnessed photons to communicate**

Searching for extraterrestrial life is an arduous and - so far - fruitless occupation. But the introduction of megawatt lasers on earth has given new hope to the scientists involved.

What if extraterrestrial civilisations were to use similar technology for interstellar communication? If an optical signal had been sent from such a powerful laser towards earth, whether in the form of pulses, continuous waves, or data-loaded nano-second laser beams, current photon-counting technology could easily differentiate its flashing light from an ordinary twinkling star.

"An off-the-shelf laser reflected on to one of our big optical telescopes could communicate out to 4,000 light years, reaching a million stars," says Dan Werthimer, a research astronomer at the University of California at Berkeley and chairman of an optical SETI (Search for Extraterrestrial Intelligence) working group for the California-based SETI Institute.

"Information could be put on the signal by making it brighter, dimmer, leaving out pulses or changing their timing."

Because optical beams are incredibly narrow, any civilisation would almost have to be aiming directly at the sun to communicate.

Yet it is also possible that such civilisations might use short-lived laser pulses to sweep the sky, somewhat along the lines of a message-bearing interstellar light-house beam.

It is these beacons that some astronomers are hoping to find. Ragbir Bhatia, astrophysicist and chairman of the SETI Australia Centre at the University of Western

Sydney MacArthur, has a \$50,000 optical SETI project in the offing using a newly purchased 16in telescope and a photon-counter.

This year Dr Bhatia will search areas surrounding 50 sun-like stars, visible only from the southern hemisphere, which all lie within 100 light years of earth.

After collection, light from the stars' immediate vicinity will be fed into analytical software networked to a PC. The idea is that even if a nano-second flash appears near a bright star, the flash would be bright enough to be seen and interpreted as artificial.

An intelligent optical signal from 10 light years is estimated to provide about 90,000 photons a pulse, with each photon signifying a data bit. And although photons diminish and are lost over great distances, it might be possible to discern a pattern or message content in the spacing of individual photons.

Operating on a tight budget and with little experimental equipment, Dr Werthimer's group at Berkeley has constructed detectors that have been tried on a handful of stars.

By attaching two photon collecting tubes to the same telescope, the same light can be sampled with greater reliability.

A third control detector may be mounted on an auxiliary telescope simply to ensure that the natural flashes from a cosmic ray shower would not be confused with an intelligent signal.

The Berkeley team will officially begin surveying later this summer, looking for short pulses from a few thousand stars on one of the university's 30in telescopes.

The ultimate goal is to sample light from the vicinity of earth's 5,000 nearest stars.

"One bright flash would be very exciting," says Dr Werthimer. "But unless it is repeated, no one is going to believe you."

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### HEALTH HAYFEVER AND ALLERGIES

## Breathe uneasy

Pollen and other allergens can turn summer into an ordeal for an unlucky few, says Vanessa Houlder

"Summertime, and the living is easy," goes the seductive Gershwin classic. But for an increasing minority, summertime is more like an endurance test.

In the next week or so, grass pollen will start to be released. That will trigger the familiar symptoms of sneezing, a streaming nose, and swollen eyes among myriad hayfever sufferers.

Hayfever affects ever greater numbers of people - even though pollen counts have gradually diminished during the decades. Its increase reflects a trend that also includes asthma, which causes breathing difficulties and eczema, or itchy, inflamed skin. All three disorders are caused by allergy, an over-reaction of the immune system to otherwise harmless substances.

The number of people who suffer allergies in the western world is doubling every decade, according to Professor Robert Davies, president of the British Allergy Foundation (BAF). There is something different in the way that young people today are reacting to environmental agents. This is a phenomenon that is happening throughout the affluent world. There are no simple explanations.

Doctors have long recognised a genetic component to allergies. Last year, scientists at Washington University School of Medicine in St Louis identified a genetic mutation that appears to make people more susceptible to allergies, whether expressed as asthma, hayfever, eczema or all three. Genetic factors may partly explain some surprising facts about allergies: for example, the high incidence of asthma in New Zealand, where environmental factors such as pollution are relatively low.

But genetics cannot explain the increased incidence of allergies over a single generation. This, most commentators think, must be blamed on environmental factors.

For one thing, the diet of people living in affluent countries has changed.

People eat a wider range of foods, with more colourings and preservatives. Antibiotics are much more widely used, in treating disease and in food production.

There is also evidence that air pollution makes people more sensitive to allergens. In Japan, researchers found people were more sensitive to cedar tree pollen if they lived near roads than if they lived in the forest. Other studies have shown that particles from diesel exhaust appear to increase sensitivity to pollen.

The indoor environment has also changed. Many of today's houses and flats are so well insulated that there are few natural draughts. A house now exchanges fresh air for indoor air only about once every five hours.

This warm, moist atmosphere - coupled with the greater use of soft furnishings and wall-to-wall carpets - provides an attractive environment for dust mites, the minute creatures whose droppings are important allergens.

Will the increasing incidence of allergies continue? Opinion is divided. But Prof Davies thinks the problem may eventually embrace nearly everybody.

It could become like the common cold. Everyone has it at some stage in their life," he says.

Arresting the trend may depend on developing a vaccine, or else changing the environment, he says. Prospects for a vaccine that protects against the tendency to develop allergies are promising, he says. Researchers are trying to exploit the finding that infants who are exposed to infectious disease early in life are less likely to suffer from allergies.

Prof Davies is also enthusiastic about immunotherapy, which seems to retrain the immune system by exposing it to increasing

amounts of the allergy-producing protein.

Reducing contact with the house dust mite can be hugely helpful for people with eczema, asthma and hayfever. Allergy sufferers are usually advised to ensure their homes are cleaner and better ventilated. That may mean regularly vacuuming the carpets, upholstery and curtains with a high filtration vacuum cleaner, dusting with a damp cloth; boiling or freezing children's soft toys and covering mattresses and pillows with dust mite barriers.

Although that may not sound too onerous, the never-ending battle to keep

allergens away from the allergy sufferer can be demoralising. A survey published this week found that 60 per cent of allergy sufferers complained of associated psychological and emotional problems.

Some problems are intractable, but many people are suffering unnecessarily. Hayfever sufferers, for instance, have a better range of treatments available to them than a few years ago.

"For most people, there are adequate medications around," says Dr Jean Emberlin of the National Pollen Research Unit. Her advice to hay fever sufferers is to seek medical advice.

I LOOK FORWARD TO THE HAY FEVER SEASON - IT'S GOOD TO HEAR SO MANY PEOPLE SAYING 'BLESS YOU'



ROGER BEME

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### ON THE BUTTON HOME VIDEO SYSTEMS

## How never to miss another programme

The latest development in recorders brings both peace of mind and better quality to your home viewing, says David Murphy

When preparing for a holiday, setting the VCR to record programmes while you are away is a low priority. The cash is at the door, you are hunting for your passport - and there is no time to trawl through the television guide, then set individual timer blocks for each desired programme.

But how about a machine you could instruct to record every sports programme, or every documentary, with only a few key presses, and with the capacity to squeeze 49 hours' of programmes on to a single tape?

That is no longer fantasy, but the promise offered by D-VHS (Data/Digital VHS),

the latest development of the long-established VHS home video format.

D-VHS is an industry standard defined by a consortium including JVC, Panasonic, Hitachi and Philips. D-VHS VCRs record compressed or encrypted digital broadcasts on to tape in their original state as digital data, offering exceptional quality and versatility.

D-VHS machines have been available in the US since the autumn and should go on sale in Europe next year. The format is separate from DVD (Digital Versatile Disc) for pre-recorded films, another system for which the electronics industry has high hopes, and which is

also arriving on Europe's high streets.

While the first generation D-VHS models do not yet offer "record by category" facilities like the one described, such digital trickery should appear on D-VHS VCRs in about 2000. But the format has a lot to offer.

When recording from a digital source on to a high-grade Super VHS cassette, a D-VHS VCR can record seven hours of material at studio quality, based on a maximum transfer rate of 14.1 megabits per second (Mbps) provided for under the DVB (Digital video broadcasting) standard. It has all the embellishments transmitted by the broadcaster,





# Gilts rise on signs of slowing economy

## GOVERNMENT BONDS

By Jeremy Grant in London and John Labeja in New York

Holidays in much of Europe yesterday dampened activity in bond markets but UK gilts were lively, ending higher as softer-than-expected retail data again sparked speculation about where the UK stands in the interest rate cycle.

News that President Suharto of Indonesia had resigned barely scratched the surface of market calm as German and French markets were closed.

In London trading, the June 10-year bond future rallied on comments by Alan

Greenspan, Federal Reserve chairman, that the Asian crisis was "only now just being felt" on the US economy. That points to steady US interest rates.

However volume was modest in all markets and traders said they would be looking to the release, late yesterday, of minutes from the US Federal open market committee's March meeting for firm direction.

US TREASURIES were mixed by early afternoon following morning testimony by Mr Greenspan and Treasury Secretary Robert Rubin.

The benchmark long bond had gained 1/4 to 103 1/2, yielding 5.885 per cent.

The two-year note was down 1/4 to 100 1/4, yielding 5.588 per cent, while the 10-year note rose to 100 1/4, yielding 5.808 per cent. "It's sluggish but firm," said William Gamba, manager of bond trading at Cowen & Co. The market was helped by a flight to quality due to dissatisfaction among political analysts surrounding Suharto's replacement, former vice-president Jusuf Habibie.

In one of the day's few economic releases, initial unemployment claims rose 6,000 to 313,000 for the second week in May.

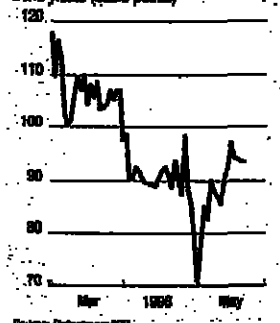
UK GILTS bounded ahead on figures showing retail sales growth had slowed in April and by comments by

the Bank of England monetary policy committee (MPC) member William Butler - generally considered in favour of higher interest rates - that the British economy was slowing.

Retail sales in April rose 4.2 per cent against the same period a year ago, compared with a March year-on-year rise of 4.5 per cent. This was well below expectations.

Comments by Bank of England governor Eddie George and other MPC members pointing to an economic slowdown further boosted gilts. However analysts said that with weak retail figures coming on the heels of unexpectedly high inflation data earlier this week, many

market participants were still divided over the pace of economic growth and thus where Britain stands in



the interest rate cycle. "I think you wouldn't expect anything else when the economy is at a turning point. I think the important numbers will be second-quarter GDP data, then people will really believe it's slowing," said David Hillier, chief UK economist at Barclays Capital. Those figures are due next month.

June 10-year futures settled up 0.29 at 108.38, with 108,000 contracts traded. Yields were down by about 5 basis points as the slope of the curve as investors discounted an interest rate rise.

In the cash market, gilts outperformed bunds with the 10-year spread narrowing from 104 to 102 basis points.

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## EMERGING MARKET DEBT RALLY REVERSES RECENT LOSSES

# Suharto resignation gives boost to Bradys

By Vincent Boland

Brady bonds and other emerging market debt instruments posted strong gains yesterday after the resignation of Indonesia's President Suharto.

There were gains of up to half a point and more in early trading in London, although the rally fizzled out a little after the New York markets opened.

Mr Suharto's departure, announced early on Thursday in Jakarta, spurred a reversal of losses in emerging market bonds earlier in the week. Observers said a cut of 150 basis points in Brazilian interest rates, unveiled on Wednesday, also underpinned the renewed strength in Brady bonds, although there were doubts about how long the rally would be sustained.

The Brazilian debt brought the country's prime rate down from 23.25 to 21.75 per cent. In addition, proposals by Sergei Kiriyenko, Russia's new prime minister, to ease restrictions on foreign ownership of Russian companies, including the electricity utility UES, was a positive factor for the market yesterday, analysts said.

In London trading, Indonesia's global 2006 bond was one full point higher yesterday at 74, while Russian PRNs surged 1.25 points to 60.5. Brazilian and Argentine bonds posted gains of about half a point each. Prices eased later after technical resistance levels were met, although the market ended the day posting good gains.

Analysts cautioned, however, that developments in Indonesia were unlikely to

drive the market much higher in the short term as investors waited to see what reform plans would be announced by B.J. Habibie, Mr Suharto's successor as president.

"Once the market gets a view of that, it may look like it has over-reacted to Suharto's stepping down," said Juliet Samson, analyst at Bank of America in London.

The sell-off earlier in the week was overdone, but the outlook will continue to be choppy.

Hedge fund activity was reported to be relatively light in New York late yesterday, with investors reluctant to take big positions in the market while concerns continued about Asian economic developments and Indonesia's own efforts at economic and political reform.

## CONVERGENCE CSFB STUDY FORECASTS NARROWING OF SPREADS

# Switzerland set to lose interest-rate advantage

By William Hall in Zurich

Switzerland, which has one of the world's strongest currencies and the lowest interest rates of any country apart from Japan, will start to lose its low interest rate advantage following the launch of the euro.

Swiss bond yields, which have traditionally been about 200 basis points less than German rates, have already started to converge, and Credit Suisse First Boston forecasts that the gap will have narrowed to 170 basis points by summer 1999.

At one stage in the early 1980s the spread was more than 400 basis points.

CSFB, in a study of the effects of the euro, believes short-term Swiss rates will be kept "well below" European levels to offset any upward pressure on the

Swiss franc arising from renewed political tension because of Europe's high unemployment level.

However, it believes the relative interest rate advantages of the Swiss capital market are more vulnerable. It gives four reasons why Swiss long bond rates will increasingly converge with rates in the euro debt markets.

The Swiss National Bank is expected to shadow the European Central Bank policy and this could erode some of Switzerland's competitive edge in terms of its low inflation advantage. Increasing fiscal stability in the rest of Europe will also erode Switzerland's safe-haven status.

Over the past 15 years, the Swiss franc has appreciated by an average 0.5 per cent a year against the D-Mark.

However, CSFB says the loss of some of Switzerland's traditional financial advantages will lower investor expectations of further Swiss franc appreciation, which will undermine a "key factor" underpinning the Swiss interest rate premium.

The final reason for growing convergence is market expectations that Switzerland will presumably join the EMU in the long run. CSFB argues that Swiss accession to the EU before 2003 is impossible for institutional reasons and is highly unlikely before 2006.

Nevertheless, the fact that the 11 euro countries will account for more than half of Switzerland's exports and 71 per cent of its imports means that the SNB will be under increasing pressure to shadow the policy of the ECB.

## WORLD BOND PRICES

### BENCHMARK GOVERNMENT BONDS

May 21	Bid	Ask	Yield	Chg	10y	30y	10y	30y	10y	30y
Australia	04/00	7.000	102.812	4.93	-0.05	-0.07	-0.05	-1.57	-1.12	-1.12
	10/07	10.000	121.500	5.94	-0.04	-0.08	-0.14	-1.12	-1.12	-1.12
Canada	09/99	7.000	102.990	5.14	-0.02	-0.02	-0.01	-0.27	-0.27	-0.27
	07/07	5.825	104.200	6.03	-0.02	-0.03	-0.05	-0.72	-0.72	-0.72
France	01/00	4.000	98.740	6.15	-0.03	-0.04	-0.04	-0.52	-0.52	-0.52
	02/07	6.250	108.570	5.02	-0.02	-0.05	-0.04	-0.83	-0.83	-0.83
Germany	09/99	4.750	98.500	5.19	-0.02	-0.11	-0.10	-0.38	-0.38	-0.38
	06/07	7.250	113.400	5.94	-0.04	-0.08	-0.14	-1.12	-1.12	-1.12
Italy	12/99	6.000	101.800	4.97	-0.01	-0.10	-0.09	-0.75	-0.75	-0.75
	11/07	7.000	112.600	5.24	-0.04	-0.05	-0.13	-1.05	-1.05	-1.05
Netherlands	01/00	4.000	98.740	6.15	-0.03	-0.04	-0.04	-0.52	-0.52	-0.52
	04/99	6.250	108.570	5.02	-0.02	-0.05	-0.04	-0.83	-0.83	-0.83
Sweden	01/00	4.000	98.740	6.15	-0.03	-0.04	-0.04	-0.52	-0.52	-0.52
	10/04	6.750	111.600	4.69	-0.03	-0.08	-0.02	-0.54	-0.54	-0.54
	10/07	5.500	104.100	4.94	-0.02	-0.08	-0.01	-0.74	-0.74	-0.74
	10/25	6.000	107.190	5.48	-0.03	-0.08	-0.04	-1.07	-1.07	-1.07
Switzerland	09/99	4.000	100.870	3.95	-0.02	-0.02	-0.01	-0.38	-0.38	-0.38
	11/07	7.500	114.800	6.24	-0.03	-0.07	-0.02	-0.83	-0.83	-0.83
	07/24	6.100	107.890	4.91	-0.01	-0.07	-0.01	-0.64	-0.64	-0.64
UK	07/24	6.300	110.920	5.48	-0.03	-0.07	-0.03	-0.95	-0.95	-0.95
US	04/99	6.250	108.570	5.11	-0.02	-0.05	-0.01	-0.91	-0.91	-0.91
	06/06	8.000	118.700	5.15	-0.02	-0.04	-0.06	-1.51	-1.51	-1.51
US	05/00	6.000	102.760	4.82	-0.01	-0.01	-0.01	-0.81	-0.81	-0.81
	05/02	8.250	105.930	4.74	-0.01	-0.03	-0.01	-1.18	-1.18	-1.18
	06/07	6.750	111.200	5.11	-0.02	-0.08	-0.04	-2.10	-2.10	-2.10
	11/25	5.250	122.330	5.93	-0.05	-0.05	-0.08	-2.04	-2.04	-2.04
US	03/00	5.400	110.790	6.42	-0.01	-0.01	-0.13	-0.65	-0.65	-0.65
	12/02	4.800	117.370	0.91	0.91	0.93	-0.21	-1.13	-1.13	-1.13
	19/05	3.000	111.470	1.35	-0.01	-0.03	-0.23	-1.23	-1.23	-1.23
	09/17	3.000	112.670	2.19	-0.01	-0.05	-0.32	-1.14	-1.14	-1.14
Netherlands	11/98	7.000	104.800	4.97	-0.02	-0.05	-0.07	-0.30	-0.30	-0.30
	05/07	5.750	105.760	4.91	-0.01	-0.06	-0.02	-0.60	-0.60	-0.60
US	03/00	6.500	106.300	5.94	-0.02	-0.06	-0.09	-0.98	-0.98	-0.98
New Zealand	11/06	3.000	102.710	7.15	-0.13	-0.13	-0.13	-1.13	-1.13	-1.13



## CURRENCIES &amp; MONEY

# Pound slides on weak retail sales

## MARKETS REPORT

By Daniel Dombey

Surprisingly weak UK retail sales figures and further indications that the Bank of England might be turning against interest rate rises yesterday pushed sterling to its lowest level against the German currency for the year so far.

The D-Mark also reached a five-year high against the yen, as the markets digested the resignation of Indonesia's President Suharto. The dollar weakened against the Japanese currency before edging back.

Eddie George, governor of the Bank of England, described the retail figures, which showed an increase of only 0.1 per cent for the month of April, as "very weak". Market expectations had run as high as a 0.4 per cent increase. The pound ended trading hours in London at DM2.669, nudged

down 2 pence by the belief that the series of rate rises might be at an end. Interest rate future contracts also rose strongly.

But Philip Shaw, chief economist at Investec in London, said: "The apparent weakness in the UK economy has brought the currency down over the last month and a half. Its differentials with interest rates in Euroland mean it is hard to see the pound collapsing." Mr Shaw forecasts that sterling will end the year at DM2.75.

Separately, Willem Buiter, one of the members of the Bank's monetary policy committee who has most consistently favoured a rate increase, said the economy was "clearly slowing down".

## POUND IN NEW YORK

May 21  
 1 month 1.6325  
 3 months 1.6350  
 6 months 1.6375  
 1 year 1.6400

Mr Buiter told the Treasury select committee yesterday that interest rate differentials and expectations had accounted for about half of sterling's appreciation since August 1996.

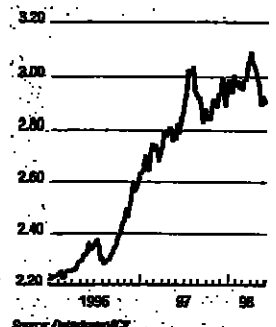
The market shrugged off a denial by Gordon Brown, the Chancellor, that the UK was planning to join the European Exchange Rate Mechanism. If the country did become an ERM member, it is widely supposed it would do so at lower than sterling's current trading rate.

The dollar was hurt against the D-Mark, falling 2 pence to DM1.758 as the implications of April's record \$100 US trade deficit sank in. The deficit with the European Union for the first three months of the year was \$1.7bn, three times its level a year before.

The D-Mark also rose against the yen, closing at ¥77.07 in Europe, marginally stronger than the day before.

## Sterling

Against the D-Mark (DM per £)



Source: Bloomberg

changes will appear opportunistic," said Paul Chertkow, head of global currency research, at the Bank of Tokyo-Mitsubishi in London.

"These are all excuses to take profits on positions which were appearing to get stale. The domestic sector in France and Germany is still depressed. There is next to no inflation there."

Mr Chertkow argued that the UK's April retail figures had to be set against the context of a 4.2 per cent rise year on year.

There were contradictory responses to the confusion in Indonesia.

After shedding some early

## OTHER CURRENCIES

May 21  
 US Dollar 1.0000  
 Swiss Franc 1.4800  
 Japanese Yen 160.00  
 Australian Dollar 0.6500  
 Canadian Dollar 0.6000  
 New Zealand Dollar 0.5500  
 Hong Kong Dollar 7.8000  
 Singapore Dollar 1.3500  
 South African Rand 13.5000  
 Australian Dollar 0.6500  
 Canadian Dollar 0.6000  
 New Zealand Dollar 0.5500  
 Hong Kong Dollar 7.8000  
 Singapore Dollar 1.3500  
 South African Rand 13.5000

## POUND SPOT FORWARD AGAINST THE POUND

May 21	Open	High	Low	Close	1 month	3 months	6 months	1 year
Europe	20.187	20.187	20.187	20.187	20.187	20.187	20.187	20.187
Australia	(Sd)	20.187	20.187	20.187	20.187	20.187	20.187	20.187
Canada	(Cdn)	20.187	20.187	20.187	20.187	20.187	20.187	20.187
Denmark	(DKK)	20.187	20.187	20.187	20.187	20.187	20.187	20.187
France	(FFr)	20.187	20.187	20.187	20.187	20.187	20.187	20.187
Germany	(M)	20.187	20.187	20.187	20.187	20.187	20.187	20.187
Italy	(Lira)	20.187	20.187	20.187	20.187	20.187	20.187	20.187
Japan	(Yen)	20.187	20.187	20.187	20.187	20.187	20.187	20.187
Netherlands	(Gld)	20.187	20.187	20.187	20.187	20.187	20.187	20.187
Norway	(Krk)	20.187	20.187	20.187	20.187	20.187	20.187	20.187
Sweden	(Kra)	20.187	20.187	20.187	20.187	20.187	20.187	20.187
Switzerland	(Sfr)	20.187	20.187	20.187	20.187	20.187	20.187	20.187
UK	(£)	20.187	20.187	20.187	20.187	20.187	20.187	20.187
USA	(\$)	20.187	20.187	20.187	20.187	20.187	20.187	20.187

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

May 21	Open	High	Low	Close	1 month	3 months	6 months	1 year
Europe	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Australia	(Sd)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Canada	(Cdn)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Denmark	(DKK)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
France	(FFr)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Germany	(M)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Italy	(Lira)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Japan	(Yen)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Netherlands	(Gld)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Norway	(Krk)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Sweden	(Kra)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Switzerland	(Sfr)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
UK	(£)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
USA	(\$)	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

## CROSS RATES AND DERIVATIVES

## EXCHANGE CROSS RATES

May 21	Open	High	Low	Close	1 month	3 months	6 months	1 year
Belgium (Bfr)	100	100	100	100	100	100	100	100
Canada (Cdn)	100	100	100	100	100	100	100	100
France (FFr)	100	100	100	100	100	100	100	100
Germany (M)	100	100	100	100	100	100	100	100
Italy (Lira)	100	100	100	100	100	100	100	100
Japan (Yen)	100	100	100	100	100	100	100	100
Netherlands (Gld)	100	100	100	100	100	100	100	100
Norway (Krk)	100	100	100	100	100	100	100	100
Sweden (Kra)	100	100	100	100	100	100	100	100
Switzerland (Sfr)	100	100	100	100	100	100	100	100
UK (£)	100	100	100	100	100	100	100	100
USA (\$)	100	100	100	100	100	100	100	100

## UK INTEREST RATES

May 21	Open	High	Low	Close	1 month	3 months	6 months	1 year
3 month	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
6 month	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1 year	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

## LONDON MONEY RATES

May 21	Open	High	Low	Close	1 month	3 months	6 months	1 year
3 month	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
6 month	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1 year	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000

## UK clearing bank base lending rate 7 1/4 per cent from Nov 6, 1987

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## COMMODITIES &amp; AGRICULTURE

## El Niño keeps grain farmers guessing

Despite planting running well ahead of the normal schedule, an unusual degree of nervousness surrounds the US grain harvest, writes Nikki Tait

A sultry haze hangs over Des Moines, Iowa, in the heart of the US grain belt. Local farmers, however, are not complaining: after a

of wet weather early in the current growing season, planting is back on track, and generally running well ahead of the normal schedule.

But an unusual degree of nervousness still surrounds the 1998 grain harvest, largely because the tail-end of the El Niño weather pattern is still making its mark.

The recent burst of hot weather - while not detrimental at this stage - has raised the possibility that a prolonged period of parching heat could re-emerge later in the growing season, when damage might result.

"When you see temperatures of 100 degrees at this stage, it gets our attention," says Dan Basse, economist with the AgResources company in Chicago.

Drought conditions, he points out, have already gripped Mexico. While North America - and the grain belt in particular - is far less susceptible to the weather phenomenon's harsher effects, this does raise the possibility that a long, hot summer could be

in sight. "We're fearful it will come northwards," he says.

Donald Wilhite, director of the National Drought Mitigation Center at the University of Nebraska, shares in the uncertainty. He says that conditions look fairly favourable at present, pointing out that late snowfalls in the Rockies have helped alleviate earlier worries of an abnormally small snowpack accumulation there.

But El Niño is still a joker in the pack. There is not a huge amount of concern right now, but there's always cause for some worry going into the summer season, and we're not quite sure what's happening with El Niño, whether it's going to linger," he says.

Mr Wilhite, however, is inclined to think that the real test for grain farmers will come in the next growing season, rather than the current one. Already some meteorologists are wondering whether El Niño will be quickly replaced by a "La Niña" effect. That would occur if the oceans off South America that caused El Niño cool down rather than heat up.

"Opinion seems to be swinging that way, that we're going into a La Niña.

That generally results in drier conditions in the south-west and south-east... and might send up some warnings about next year, more than this year." Nevertheless, assuming weather conditions do remain clement - a big "if" at this stage - official forecasts point to an extremely healthy US grain harvest.

Using current planting trends, the US Department of Agriculture is forecasting another record soyabean crop, of about 2.6bn bushels, about 8 per cent higher than in 1997-98. Maize production is projected to be 9.6bn bushels, second only to the 1994-95 harvest, when corn production narrowly topped 10bn bushels.

The big exception is wheat, once the mainstay of the prairies. Here, a smaller crop will almost certainly be seen this year, about 2.3bn bushels according to USDA, down by about 7 per cent from the 1997-98 levels.

"The problem for US farmers is that lower wheat prices, driven by world supply and demand, are making the grain an increasingly unattractive proposition economically, and acreage is switching to anything from soybeans to canola.

Moreover, in an increas-

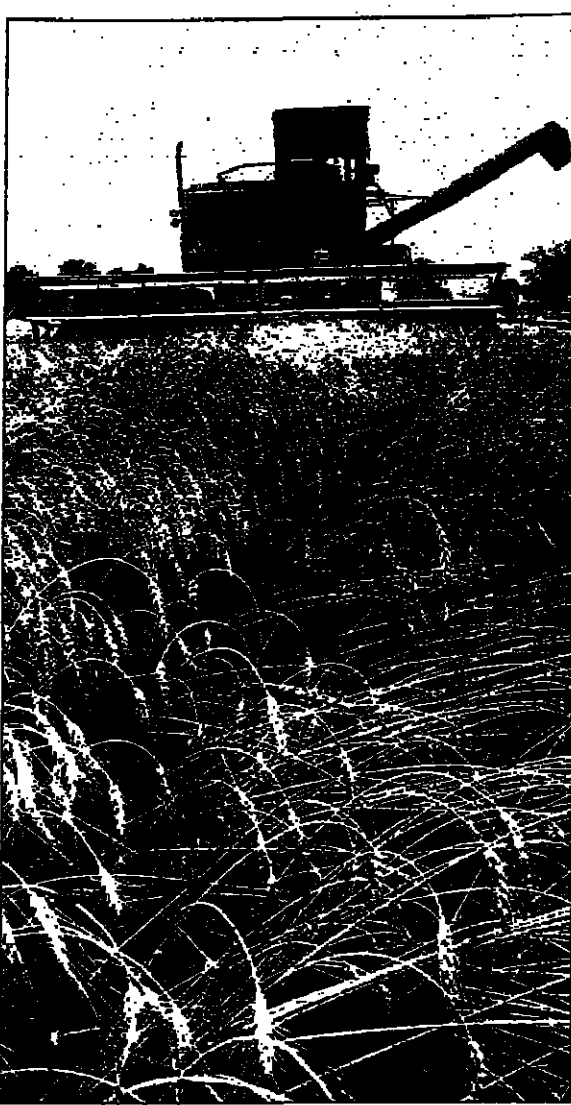
ingly deregulated US farm sector, there is less incentive to stay with certain crops for subsidy reasons. Analysts say that the US wheat seedlings this year will be at their lowest level for a decade.

But the prospect of a strong US harvest, coupled with international supply factors, has sent prices sinking in recent weeks. Corn and wheat prices are both at three-year lows - at about \$2.50 and \$3.00 a bushel respectively - and less than half the levels realised in mid-1996, when grain prices suddenly spiked upwards.

This is hardly Midwest farmers' fault: a rising European Union wheat crop and maintained production in Australia are forecast to offset lower output from Argentina and Canada, according to the USDA.

Meanwhile, the good prospective US corn and soyabean crops, coupled with international stock levels, will probably keep prices in check there, too.

US corn producers face competition from Argentina and China, while large South American soyabean crops will probably add pressure on the soyabean front. As Mr Basse puts it: "It's the global situation."



Good weather permitting, a healthy grain harvest is forecast

## Oil shrugs off talk of Russia joining Opec

## MARKETS REPORT

By Gary Mead and Kenneth Gooding

News that Russia this week discussed the possibility of joining the Organisation of Petroleum Exporting Countries left the crude oil markets unmoved yesterday, as did Iraq's rejection of a UN proposal to have the current oil-for-food UN-brokered programme renewed automatically, rather than have it renegotiated every six months, as is now the case.

Sergei Slesarev, a senior official in the Russian ministry of fuel and energy, told Reuters that at a meeting in Moscow between Russian officials and Rikwan Lukman - Opec's general secretary - the subject was raised, though Mr Slesarev gave no details.

Russia has already said it will attend the next scheduled Opec meeting, in Vienna, on June 24; the last time it attended such a meeting as an observer was in Oman in 1983.

The possibility of Russian membership was dismissed by some oil analysts, but it was equally seen as an indication of the degree of Russian concern over low oil prices. Yesterday on the International Petroleum Exchange Brent crude for July delivery struggled to reach \$13.55, up 11 cents a barrel but still below the crucial \$14 mark.

The return to relative calm in Indonesia helped push robust oil futures lower on the London International Financial Futures Exchange, where the July contract closed \$48 down, at \$1,872 a tonne. Traders now expect little or no immediate disruption in transportation of the imminent coffee harvest, due to start in three to four weeks, but remained

sceptical about the medium-term prospects for the new regime.

Elsewhere on Liffe, cocoa futures nudged slightly higher, the July contract ending the day at \$1,136 a tonne, 53 higher, amid very low volumes - just 2,181 lots - due largely to the Asian Day public holiday in continental Europe.

There was a warning yesterday that lead might not be readily available in the third quarter of this year because supplies were tight. Neil Hawkes of the CRU International consultancy said: "Primary producers will struggle and fail to meet all the demand for batteries and in that one or two-month window there is the potential for a price spike."

London Metal Exchange stocks are low, at 107,325 tonnes, and some of that lead is not available to the market because it is tied up by financing deals.

Mr Hawkes pointed out, however, that stocks at battery producers - the main lead consumers - were high. "How much will battery stocks have to fall before you see a pick up in lead demand?" he asked.

Lead for delivery in three months on the LME closed at \$563 a tonne, up \$5.50 or 1 per cent from Wednesday's close. Other LME metal prices also increased yesterday and traders suggested this was caused by book squaring ahead of the long weekend holiday in the UK and the US. The LME will be closed for a UK public holiday on Monday.

"Tidying of positions pushed up prices and volumes have been nothing extraordinary because Europe is on holiday for Ascension day," said Robin Bhar, analyst at Brandeis (Brokers), the Pechiney subsidiary.

## Coffee crops threatened Metals forecasts diverge

Mexican and Central American coffee crops already suffering from severe six-month drought are now further affected by smoke from ravaging fires and volcano eruptions, industry officials said yesterday. Reuters reports from Mexico City.

Coffee organisations and officials across the region, which accounts for more than 15 per cent of the world's output, said they were increasingly concerned about prospects for the

upcoming 1998-99 crop, expected to be the lowest in decades.

"We have a lot of smoke here, it's very hot, but it won't change anything here right now," said one coffee producer from Mexico's key growing region in the southern state of Chiapas.

But he said the industry was concerned that forest and bush fires - which have ravaged the region but have been particularly bad in Mexico - would spread to coffee-growing areas in Chi-

pas' northern mountain areas around Tuxtla.

However, all Central American and Mexican coffee officials agreed the ongoing drought was by far the biggest threat to the region's 1998-99 crop.

Last week Central American coffee organisations cut their forecast for the crop to 9.4m 60kg bags, down 12.6 per cent from the 1997-98 crop of 10.75m 60kg bags, which is down 6.5 per cent from the 1996-97 crop of some 11.5m bags.

By Kenneth Gooding, Mining Correspondent

There is almost unprecedented disagreement among analysts about the trend in metals prices, reflecting how difficult it is to gauge potential global economic activity.

This lack of consensus among metals market observers is highlighted in a review of recent forecasts by the economic research team at Outokumpu, the Finnish group.

That forecasts of the average 1998 copper price range from \$1,800 a tonne to \$2,094, while those for the 1999 average range from \$1,433 and \$2,434.

Uday Patel, a member of the team, said that six months ago most analysts were looking for a substantial copper supply surplus this year, but now it was clear the surplus would be much more modest.

Zinc and nickel markets were also very difficult to

analyse, he said. "It would not take much of a fall in Russian nickel exports to completely change [depressed] sentiment in the nickel market. Or, if China exports a little less zinc, the market would be in balance and there would be a small supply deficit."

Forecasts for the average zinc price this year range between \$1,000 a tonne and \$1,432, and \$1,080 to \$1,344 for 1999. The equivalent ranges for nickel are \$5,069-\$8,155 and \$4,969-\$7,714.

## COMMODITIES PRICES

## BASE METALS

## LONDON METAL EXCHANGE

(Prices from International Metal Trading)

Aluminium, 99.7 purity (50 tonnes)

Cash 1389.40

3 months 1393.40

6 months 1395.60

12 months 1407.10

Al Official 1395.60

North close 1408.70

Open bid n/a

Total daily turnover n/a

Aluminium alloy (50 tonnes)

Cash 1280.45

3 months 1270.75

6 months 1285.65

12 months 1468.10

Al Official 1280.45

North close 1272.74

Open bid n/a

Total daily turnover n/a

LEAD (50 tonnes)

Cash 549.40

3 months 552.30

6 months 557.40

12 months 564.50

Al Official 550.5-51.5

North close 562.30

Open bid n/a

Total daily turnover n/a

NIKKEL (50 tonnes)

Cash 4830.40

3 months 4910.20

6 months 4959.70

12 months 4940.60

Al Official 4830.40

North close 4900.45

Open bid n/a

Total daily turnover n/a

ZN, special high grade (50 tonnes)

Cash 1043.5-4.5

3 months 1050.70

6 months 1055.60

12 months 1070.75

Al Official 1043.5-4.5

North close 1072.30

Open bid n/a

Total daily turnover n/a

COPPER, grade A (50 tonnes)

Cash 1571.5-2.5

3 months 1590.45

6 months 1595.60

12 months 1607.10

Al Official 1571.5-2.5

North close 1607.10

Open bid n/a

Total daily turnover n/a

LINE ASB Official 25 mbs 1,620

LINE Casing 25 mbs 1,620

Spot 1515 3 mbs 1,624 6 mbs 1,610 9 mbs 1,615

## PRECIOUS METALS

## LONDON METAL EXCHANGE

(Prices from International Metal Trading)

Gold, 999.9 (1000 gms)

Cash 380.00

3 months 381.50

6 months 382.50

12 months 383.50

Al Official 380.00

North close 383.50

Open bid n/a

Total daily turnover n/a

SILVER, 999.9 (1000 gms)

Cash 15.75

3 months 15.85

6 months 15.95

12 months 16.05

Al Official 15.75

North close 16.05

Open bid n/a

Total daily turnover n/a

PLATINUM, 999.9 (1000 gms)

Cash 1000.00

3 months 1010.00

6 months 1020.00

12 months 1030.00

Al Official 1000.00

North close 1030.00

Open bid n/a

Total daily turnover n/a

PALADIUM, 999.9 (1000 gms)

Cash 1000.00

3 months 1010.00

6 months 1020.00

12 months 1030.00

Al Official 1000.00

North close 1030.00

Open bid n/a

Total daily turnover n/a

RUDE METALS

Cash 1000.00

3 months 1010.00

6 months 1020.00

12 months 1030.00

Al Official 1000.00

North close 1030.00

Open bid n/a

Total daily turnover n/a

RUDE METALS

Cash 1000.00

3 months 1010.00

6 months 1020.00

12 months 1030.00

Al Official 1000.00

North close 1030.00

Open bid n/a

Total daily turnover n/a

## GRAINS AND OIL SEEDS

## WHEAT (100 tonnes, 50 tonnes)

May 74.00

Jun 74.00

Jul 74.00

Aug 74.00

Sep 74.00

Oct 74.00

Nov 74.00

Dec 74.00

Jan 74.00

Feb 74.00

Mar 74.00

Apr 74.00

May 74.00

Jun 74.00

Jul 74.00

Aug 74.00

Sep 74.00

Oct 74.00

Nov 74.00

Dec 74.00

Jan 74.00

Feb 74.00

Mar 74.00

Apr 74.00

May 74.00

Jun 74.00

Jul 74.00

Aug 74.00

Sep 74.00

Oct 74.00

Nov 74.00

Dec 74.00

Jan 74.00

Feb 74.00

Mar 74.00

Apr 74.00

May 74.00

Jun 74.00

Jul 74.00

Aug 74.00

Sep 74.00

Oct 74.00

Nov 74.00

Dec 74.00

Jan 74.00

Feb 74.00

Mar 74.00

Apr 74.00

May 74.00

Jun 74.00

Jul 74.00

Aug 74.00

Sep 74.00

Oct 74.00

Nov 74.00







مكتبة الامم المتحدة



**FT MANAGED FUNDS SERVICE**

### Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444) 771-8234 ext 2 for more details.

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**INVESTMENT TRUSTS - Continued**

	Notes	Price	+ or -
Legal & Sun Recovery	1	153	-
Guarantee		71 1/2	-
Lib Offshore Credit	1	156	+0 1/2
Lib & St Lawrence	2	215 1/2	-
Lombard	1	414 1/2	+0 1/2
Mahle	1	357	-
Marcus & Lutz	1	308	-
Mart Corp Extn	1	224 1/2	+0 1/2
Marshall	1	123	-
Marine Corp Japan	1	71	+1 1/2
Marshall	1	14 1/2	-
Marshall Corp Foreign	2	103 1/2	-
Marshall Corp Inc	1	106	+1

11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100 101 102 103 104 105 106 107 108 109 110 111 112 113 114 115 116 117 118 119 120 121 122 123 124 125 126 127 128 129 130 131 132 133 134 135 136 137 138 139 140 141 142 143 144 145 146 147 148 149 150 151 152 153 154 155 156 157 158 159 160 161 162 163 164 165 166 167 168 169 170 171 172 173 174 175 176 177 178 179 180 181 182 183 184 185 186 187 188 189 190 191 192 193 194 195 196 197 198 199 200 201 202 203 204 205 206 207 208 209 210 211 212 213 214 215 216 217 218 219 220 221 222 223 224 225 226 227 228 229 230 231 232 233 234 235 236 237 238 239 240 241 242 243 244 245 246 247 248 249 250 251 252 253 254 255 256 257 258 259 260 261 262 263 264 265 266 267 268 269 270 271 272 273 274 275 276 277 278 279 280 281 282 283 284 285 286 287 288 289 290 291 292 293 294 295 296 297 298 299 300 301 302 303 304 305 306 307 308 309 310 311 312 313 314 315 316 317 318 319 320 321 322 323 324 325 326 327 328 329 330 331 332 333 334 335 336 337 338 339 340 341 342 343 344 345 346 347 348 349 350 351 352 353 354 355 356 357 358 359 360 361 362 363 364 365 366 367 368 369 370 371 372 373 374 375 376 377 378 379 380 381 382 383 384 385 386 387 388 389 390 391 392 393 394 395 396 397 398 399 400 401 402 403 404 405 406 407 408 409 410 411 412 413 414 415 416 417 418 419 420 421 422 423 424 425 426 427 428 429 430 431 432 433 434 435 436 437 438 439 440 441 442 443 444 445 446 447 448 449 450 451 452 453 454 455 456 457 458 459 460 461 462 463 464 465 466 467 468 469 470 471 472 473 474 475 476 477 478 479 480 481 482 483 484 485 486 487 488 489 490 491 492 493 494 495 496 497 498 499 500 501 502 503 504 505 506 507 508 509 510 511 512 513 514 515 516 517 518 519 520 521 522 523 524 525 526 527 528 529 530 531 532 533 534 535 536 537 538 539 540 541 542 543 544 545 546 547 548 549 550 551 552 553 554 555 556 557 558 559 560 561 562 563 564 565 566 567 568 569 570 571 572 573 574 575 576 577 578 579 580 581 582 583 584 585 586 587 588 589 590 591 592 593 594 595 596 597 598 599 600 601 602 603 604 605 606 607 608 609 610 611 612 613 614 615 616 617 618 619 620 621 622 623 624 625 626 627 628 629 630 631 632 633 634 635 636 637 638 639 640 641 642 643 644 645 646 647 648 649 650 651 652 653 654 655 656 657 658 659 660 661 662 663 664 665 666 667 668 669 670 671 672 673 674 675 676 677 678 679 680 681 682 683 684 685 686 687 688 689 690 691 692 693 694 695 696 697 698 699 700 701 702 703 704 705 706 707 708 709 710 711 712 713 714 715 716 717 718 719 720 721 722 723 724 725 726 727 728 729 730 731 732 733 734 735 736 737 738 739 740 741 742 743 744 745 746 747 748 749 750 751 752 753 754 755 756 757 758 759 760 761 762 763 764 765 766 767 768 769 770 771 772 773 774 775 776 777 778 779 780 781 782 783 784 785 786 787 788 789 790 791 792 793 794 795 796 797 798 799 800 801 802 803 804 805 806 807 808 809 810 811 812 813 814 815 816 817 818 819 820 821 822 823 824 825 826 827 828 829 830 831 832 833 834 835 836 837 838 839 840 841 842 843 844 845 846 847 848 849 850 851 852 853 854 855 856 857 858 859 860 861 862 863 864 865 866 867 868 869 870 871 872 873 874 875 876 877 878 879 880 881 882 883 884 885 886 887 888 889 890 891 892 893 894 895 896 897 898 899 900 901 902 903 904 905 906 907 908 909 910 911 912 913 914 915 916 917 918 919 920 921 922 923 924 925 926 927 928 929 930 931 932 933 934 935 936 937 938 939 940 941 942 943 944 945 946 947 948 949 950 951 952 953 954 955 956 957 958 959 960 961 962 963 964 965 966 967 968 969 970 971 972 973 974 975 976 977 978 979 980 981 982 983 984 985 986 987 988 989 990 991 992 993 994 995 996 997 998 999 1000 1001 1002 1003 1004 1005 1006 1007 1008 1009 1010 1011 1012 1013 1014 1015 1016 1017 1018 1019 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035 1036 1037 1038 1039 1040 1041 1042 1043 1044

NAME	ADDRESS	CITY	STATE	ZIP	PHONE	TELETYPE	FAX	EMAIL
Mr. J. L. Smith	123 Main St.	Springfield	MA	01103	417/555-1234			j.smith@springfield.com
Mr. R. D. Jones	456 Oak Ave.	Springfield	MA	01103	417/555-2345			r.jones@springfield.com
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Mr. L. A. Green	303 Cedar St.	Springfield	MA	01103	417/555-6789			l.green@springfield.com
Mr. N. B. Gray	404 Birch St.	Springfield	MA	01103	417/555-7890			n.gray@springfield.com
Mr. O. C. Hall	505 Walnut St.	Springfield	MA	01103	417/555-8901			o.hall@springfield.com
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Mr. V. J. Evans	3838 Spruce St.	Springfield	MA	01103	417/555-123			

Speaker Cans  
Speaker Amps  
Speaker Cans

[illegible]

Most exact values supplied by EF Alex Brown Inc.

[illegible]

Zero Cap Prod	3514	---	3825
History Inc & Bank Inc	38	---	37

[illegible]

11/11/78 11:11 AM 11/11/78 11:11 AM

[illegible]

DATE FILED \_\_\_\_\_ 122 +6 122 11

HOUSEHOLD GOODS &amp; TEXT

[illegible][illegible][illegible]

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[illegible]

1402	2.8	227.6	12.6	Zero Div Pr
3715	0.2	-	-	Units
100	1.4	235.8	11.9	For & Col M

Rank	Name	Points	Rank	Name	Points
1	John Doe	100	101	John Doe	100
2	John Doe	100	102	John Doe	100
3	John Doe	100	103	John Doe	100
4	John Doe	100	104	John Doe	100
5	John Doe	100	105	John Doe	100
6	John Doe	100	106	John Doe	100
7	John Doe	100	107	John Doe	100
8	John Doe	100	108	John Doe	100
9	John Doe	100	109	John Doe	100
10	John Doe	100	110	John Doe	100
11	John Doe	100	111	John Doe	100
12	John Doe	100	112	John Doe	100
13	John Doe	100	113	John Doe	100
14	John Doe	100	114	John Doe	100
15	John Doe	100	115	John Doe	100
16	John Doe	100	116	John Doe	100
17	John Doe	100	117	John Doe	100
18	John Doe	100	118	John Doe	100
19	John Doe	100	119	John Doe	100
20	John Doe	100	120	John Doe	100
21	John Doe	100	121	John Doe	100
22	John Doe	100	122	John Doe	100
23	John Doe	100	123	John Doe	100
24	John Doe	100	124	John Doe	100
25	John Doe	100	125	John Doe	100
26	John Doe	100	126	John Doe	100
27	John Doe	100	127	John Doe	100
28	John Doe	100	128	John Doe	100
29	John Doe	100	129	John Doe	100
30	John Doe	100	130	John Doe	100
31	John Doe	100	131	John Doe	100
32	John Doe	100	132	John Doe	100
33	John Doe	100	133	John Doe	100
34	John Doe	100	134	John Doe	100
35	John Doe	100	135	John Doe	100
36	John Doe	100	136	John Doe	100
37	John Doe	100	137	John Doe	100
38	John Doe	100	138	John Doe	100
39	John Doe	100	139	John Doe	100
40	John Doe	100	140	John Doe	100
41	John Doe	100	141	John Doe	100
42	John Doe	100	142	John Doe	100
43	John Doe	100	143	John Doe	100
44	John Doe	100	144	John Doe	100
45	John Doe	100	145	John Doe	100
46	John Doe	100	146	John Doe	100
47	John Doe	100	147	John Doe	100
48	John Doe	100	148	John Doe	100
49	John Doe	100	149	John Doe	100
50	John Doe	100	150	John Doe	100

Figure 1. *Staphylococcus aureus* strains isolated from patients with MRSA. The strains were isolated from patients with MRSA in the intensive care unit (ICU) of the University Hospital of Bonn, Germany, between 1998 and 2000. The strains were isolated from patients with MRSA in the ICU of the University Hospital of Bonn, Germany, between 1998 and 2000.

 $+0^{\circ}$ 

Company Name	Address	City	State	Zip	Phone	Telex	Fax	Internet	E-mail	Website	Other
1. American Airlines	11000 American Blvd	Fort Worth	TX	76177	817-835-7000	700000	817-835-7000	www.aa.com	aa@aa.com	aa.com	
2. Delta Air Lines	1000 Peachtree St NE	Atlanta	GA	30308	404-371-1414	700000	404-371-1414	www.delta.com	delta@delta.com	delta.com	
3. United Airlines	10000 Ely Ave	Chicago	IL	60617	773-869-8000	700000	773-869-8000	www.united.com	united@united.com	united.com	
4. Southwest Airlines	2301 N. Stemmons Freeway	Ft Worth	TX	76107	817-435-7000	700000	817-435-7000	www.southwest.com	sw@sw.com	sw.com	
5. Alaska Airlines	10000 Airport Blvd	Seattle	WA	98148	206-462-2000	700000	206-462-2000	www.alaska.com	alaska@alaska.com	alaska.com	
6. JetBlue Airways	10000 Airport Blvd	Long Beach	CA	90801	562-435-7000	700000	562-435-7000	www.jetblue.com	jetblue@jetblue.com	jetblue.com	
7. Spirit Airlines	10000 Airport Blvd	Fort Lauderdale	FL	33315	954-435-7000	700000	954-435-7000	www.spirit.com	spirit@spirit.com	spirit.com	
8. Frontier Airlines	10000 Airport Blvd	Denver	CO	80202	303-435-7000	700000	303-435-7000	www.frontier.com	frontier@frontier.com	frontier.com	
9. Allegiant Air	10000 Airport Blvd	Las Vegas	NV	89119	702-435-7000	700000	702-435-7000	www.allegiant.com	allegiant@allegiant.com	allegiant.com	
10. Air Canada	10000 Airport Blvd	Montreal	QC	H3T 7E6	514-435-7000	700000	514-435-7000	www.aircanada.com	aircanada@aircanada.com	aircanada.com	
11. British Airways	10000 Airport Blvd	London	UK	EC2A 4PU	44-20-435-7000	700000	44-20-435-7000	www.britishairways.com	britishairways@britishairways.com	britishairways.com	
12. Lufthansa	10000 Airport Blvd	Frankfurt	DE	60549	49-69-435-7000	700000	49-69-435-7000	www.lufthansa.com	lufthansa@lufthansa.com	lufthansa.com	
13. Air France	10000 Airport Blvd	Paris	FR	75001	33-1-435-7000	700000	33-1-435-7000	www.airfrance.com	airfrance@airfrance.com	airfrance.com	
14. Iberia	10000 Airport Blvd	Madrid	ES	28002	34-91-435-7000	700000	34-91-435-7000	www.iberia.com	iberia@iberia.com	iberia.com	
15. Air China	10000 Airport Blvd	Beijing	PR	10000	86-10-435-7000	700000	86-10-435-7000	www.airchina.com	airchina@airchina.com	airchina.com	
16. Cathay Pacific	10000 Airport Blvd	Hong Kong	HK	99907	852-435-7000	700000	852-435-7000	www.cathay.com	cathay@cathay.com	cathay.com	
17. Japan Airlines	10000 Airport Blvd	Tokyo	JP	10000	81-3-435-7000	700000	81-3-435-7000	www.jal.com	jal@jal.com	jal.com	
18. All Nippon Airways	10000 Airport Blvd	Tokyo	JP	10000	81-3-435-7000	700000	81-3-435-7000	www.ana.com	ana@ana.com	ana.com	
19. Korean Air	10000 Airport Blvd	Seoul	KR	06148	82-2-435-7000	700000	82-2-435-7000	www.koreanair.com	koreanair@koreanair.com	koreanair.com	
20. Asiana Airlines	10000 Airport Blvd	Seoul	KR	06148	82-2-435-7000	700000	82-2-435-7000	www.asiana.com	asiana@asiana.com	asiana.com	
21. Garuda Indonesia	10000 Airport Blvd	Jakarta	ID	10119	62-21-435-7000	700000	62-21-435-7000	www.garuda.com	garuda@garuda.com	garuda.com	
22. Lion Air	10000 Airport Blvd	Jakarta	ID	10119	62-21-435-7000	700000	62-21-435-7000	www.lionair.com	lionair@lionair.com	lionair.com	
23. AirAsia	10000 Airport Blvd	Kuala Lumpur	MY	50088	60-3-435-7000	700000	60-3-435-7000	www.airasia.com	airasia@airasia.com	airasia.com	
24. Air India	10000 Airport Blvd	New Delhi	IN	11002	91-11-435-7000	700000	91-11-435-7000	www.airindia.com	airindia@airindia.com	airindia.com	
25. Air Mauritius	10000 Airport Blvd	Port Louis	MR	99907	262-22-435-7000	700000	262-22-435-7000	www.airmauritius.com	airmauritius@airmauritius.com	airmauritius.com	
26. Air Madagascar	10000 Airport Blvd	Antananarivo	MG	99907	262-22-435-7000	700000	262-22-435-7000	www.airmadagascar.com	airmadagascar@airmadagascar.com	airmadagascar.com	
27. Air Seychelles	10000 Airport Blvd	Victoria	SC	99907	262-22-435-7000	700000	262-22-435-7000	www.airseychelles.com	airseychelles@airseychelles.com	airseychelles.com	
28. Air Tanzania	10000 Airport Blvd	Dar es Salaam	TZ	99907	255-22-435-7000	70					

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## WORLD STOCK MARKETS



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### Emerging markets:

### IFC investable indices

[illegible]



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## GLOBAL EQUITY MARKETS

## US INDICES

Index	May 21	May 20	May 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# STOCK MARKETS

## Dow pauses to consolidate after rally

### AMERICAS

US shares reversed the previous day's strong gains, moving modestly lower in early trading, writes John Labate in New York.

By early afternoon, the Dow Jones Industrial Average was down 21.43 to 8,160.06 while the Standard & Poor's 500 index lost 1.26 to 1,117.80. The tech sector was equally uninspired, sending the Nasdaq composite down 4.97 to 1,826.78.

"Clearly we are in a wait-and-see attitude," said Bill Meehan, chief market analyst at Cantor Fitzgerald in Connecticut.

International uncertainties tended to take centre stage following the resignation of President Suharto of Indonesia. On the domestic front, analysts were mostly awaiting the latest minutes of the Federal Reserve's open market committee.

Cyclical shares led the Dow lower. Allied Signal fell 1 1/4 to \$43 while Union Carbide lost 1 1/4 to \$53 1/4.

Auto stocks were mixed. Ford Motor climbed 1 1/4 to \$51 1/4 after the company told analysts that earnings for the second quarter would be stronger than expectations.

Cigarette stocks also broke the downward trend after the US Senate rejected a proposed three-year \$1.50 price rise for cigarettes. Philip Morris rose 1 1/4 to \$37 1/4 while RJR Nabisco gained 3/4 to \$28.

In the internet sector

shares of Excite rose 1 1/4 to \$62 after the company rejected a takeover bid by Zapata, a diversified food company. Zapata lost more than 5 per cent or \$4 to \$10 1/4.

Semiconductor stocks continued to weaken, sending the Philadelphia stock exchange's semiconductor index down by more than one per cent to 280.54.

In the small-cap sector, the Russell 2000 index lost less than one point to 467.95.

TORONTO moved higher, helped by a rally for Seagram, where sentiment, cool in recent sessions, swung back behind the idea of a takeover of PolyGram of the Netherlands.

Seagram, which has had its name variously linked with the Dutch music giant in recent weeks, jumped \$3.05 to \$382.40. A revised offer from MetroNet lifted Seagram's price to \$384.00.

At noon, the 300 composite index was up 6.33 at 7,701.73. SAO PAULO slipped in early trading with the Bovespa index off 64 at 10,344. Brokers said volumes were thin with most investors shadowing the directionless trend on Wall Street.

MEXICO CITY lost ground as sentiment followed the uncertainty on Wall Street. But by midsession, the IPC index had rallied to show a gain of 21.94 at 4,629.58.

Bank shares, hit recently by worries about a money laundering scandal, rallied modestly.

## Suharto's resignation lifts bourses

### ASIA PACIFIC

Asia-Pacific stock markets moved swiftly higher on news of President Suharto's resignation in Indonesia. Many gains, however, were pared as investors had second thoughts about Mr Suharto's successor.

Vice-president Jusuf Habibie, a former research and technology minister, is widely distrusted by the markets, not least for his penchant for expensive projects.

The JAKARTA market was closed for a holiday so its initial verdict on the succession will come today. But on the currency markets, the rupiah, like other regional currencies, was little changed in Singapore.

Against the trend, SEOUL was sent steeply lower on worries about a shrinking economy.

The market had pushed higher from the opening bell,

rising to 375.45 on the composite index, but late news of a 3.8 per cent contraction in first-quarter GDP sent the benchmark index closed off 6.87 or 1.9 per cent at a low for the session of 368.30 with investor sentiment showing signs of severe strain.

The weak GDP data, the worst figures since the final quarter of 1990, followed Wednesday's news of substantial lay-offs at Hyundai Motor, one of South Korea's largest employers.

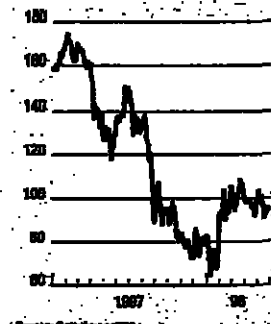
TOKYO jumped more than 1 per cent after news of Mr Suharto's resignation calmed unease about the situation in Indonesia, writes Gillian Tett in Tokyo.

The Nikkei 225 closed at 15,845.25, up 192.30 or 1.23 per cent - the fourth successive daily rise.

During the morning the index surged to a high of 15,972.88 after the news about Mr Suharto hit the

### Philippines

Manila Property Index



markets. However, it failed to breach the psychologically important 16,000 level and fell back on concerns about the domestic economy.

In particular, sentiment was weighed down by new signals that the Bank of Japan was becoming more pessimistic about the outlook.

The broader-based Topix index rose 6.67 or 0.54 per

cent to 1,232.23. The Osaka index ended at 16,611.52, up 151.50 or 0.9 per cent.

The volatility encouraged short-term dealers into the market. This helped push volume on the TSE up to an estimated 470m shares, from Wednesday's 430m.

Winners outpaced losers 841 to 315, with gainers led by transportation equipment, shipbuilding, sea transport, iron and steel, and ceramics. The major decliners were air transport, gas, rubber and leather.

MANILA pushed higher with a cut in the bank's statutory reserve requirement sending property and bank stocks sharply higher. The composite index rose 48.33 or 2.3 per cent to 2,148.61.

Ayala Land rose 25 cents to 14.00 pesos, helping to lift the overall property index by 3.4 per cent.

The calmer situation in Indonesia was a factor but the main drive was the reserve

cut which sparked hopes for lower interest rates," said one broker.

KUALA LUMPUR surged 4.3 per cent, led by sharply higher financial issues, on news of action to clean up the Malaysian banking sector. The composite index rose 24.48 to 893.62 on hopes that the formation of a special agency, which will take over the non-performing loans and assets of banks, could speed up the economy's recovery.

The financial sector recorded a 8.4 per cent rise as foreign money took part in the big volume rally. Top bank Maybank jumped 70 cents to M\$11.10.

SINGAPORE rose 45.87 or 3.6 per cent to 1,319.65 on the Straits Times index. More than 434m shares changed hands in active trading. Singapore Press gained 60 cents to S\$14.60 to account for 10 points of the improvement in the index.

## Milan ascends on relief over Asia

### EUROPE

Shares in MILAN moved higher late in the session but in very thin trade with many other European bourses closed for the Ascension day holiday.

The real-time Mibtel index rose 375 or 1.6 per cent to 24,158 on market relief over President Suharto's resignation in Indonesia and news that the Italian justice minister had withdrawn his threat to resign.

IMI, the Agnelli family's industrial holding company, climbed 1.68 to L\$2,502 after announcing a capital increase and better-than-expected 1997 results.

Mediobanca rose L665 to L24,085 and San Paolo was L344 higher at L28,716 on news that the two banks said they would collaborate on the IMI capital increase.

MADRID reversed two days of gains with a decline of 0.55 to 879.62 on the general index, extending the shortfall on the all-time peak of early April to 7 per cent.

Brokers said volume was minimal given holidays across much of Europe. Endesa, a strong market lately as the group privatisation process gathers pace, ran into profit-taking, dipping Ptas45 to Ptas3,670.

WARSAW jumped 3.7 per cent in response to Wednesday's cut in the Lombard and discount rates. The Wig index rose 616.0 to 17,109.9 with rising shares running ahead of fallers by 29 to 9.

ATHENS was higher as industrialists outweighed weakness in banks, suffering adverse sentiment after the failure of talks to end strikes action at Ionian Bank. The general index rose 26.97 to 2,575.98.

Written and edited by Michael Morgan, Jeffrey Brown, Peter Hall and Paul Grogan

Judy Dempsey

### EMERGING MARKET FOCUS

## Tel Aviv rises above peace deadlock

One way or another, it seems the Tel Aviv stock exchange can do no wrong.

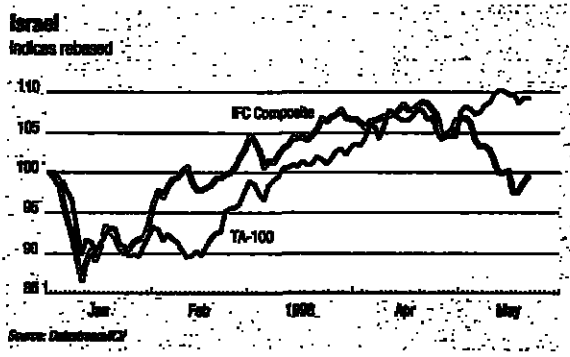
The benchmark TA-100 index hit a new record of 327.44 yesterday and has risen 6.5 per cent since the beginning of the month, up more than 9 per cent since the start of 1998 and 20 per cent from its February low. And while there have been some profits taken in recent days, traders remain generally optimistic.

Why should the market be so buoyant when the US is hinting it might end its mediating role between Israel and the Palestinians if the 14-month deadlock in peace talks continues?

And why did the markets fail to react when Benjamin Netanyahu, Israeli prime minister, hit out at the European Union for plans to go ahead with a recommendation to exclude goods manufactured in the occupied territories from a preferential trade agreement?

The answer, for the moment at least, is that investors at home and abroad are more interested in the economic fundamentals than the vagaries of the peace process. "The fundamentals look good now," said Daniela Finn, international department head at Batucha-Isnot Securities.

The Bank of Israel reckons



inflation will dip to between 5 per cent and 5.5 per cent this year, compared with 9 per cent last year. Interest rates continue to fall too. The overnight lending rate is 11.9 per cent.

Declining rates could woo small investors from government bonds and short-term savings. Yields on bonds with a one-year or two-year maturity are about 6.7 per cent. Solid ISG Research

believes continuing interest rate reductions will make equities more attractive than bonds.

Turnover at the stock exchange, hovering this week at about Shk222m a day, could receive a substantial boost if some of the Shk140bn tied up in short-term savings and bonds is shifted.

The other good news is that the budget appears to be under control although Mr Netanyahu often promises his coalition partners more expenditure to maintain their support.

The government wants to try to keep the budget deficit at the 2.4 per cent of gross domestic product achieved last year. This may be difficult to achieve. GDP for the first quarter, on an annualised basis, grew only 1.2 per cent, while unemployment could reach 9 per cent by the end of the year.

The equity market is attractive compared with its peers. A report by Robert Fleming Securities estimates that Israeli equities trade on a prospective 1998 price/earnings ratio of 13.5, compared with Portugal's 27.5 and Greece's 20.4.

But more could be done to increase market liquidity. The market continues to be driven by a handful of top stocks, including Bezeq, the state-controlled telecoms company, Israel Chemicals and the banks. Some analysts believe it is time the 100 or so Israeli stocks listed on Nasdaq be listed simultaneously in Tel Aviv.

"It would increase liquidity and boost the markets," said Ms Finn. But that is unlikely to happen until the Securities Authority lifts its objections and opens TASE to much more competition.

## Golds lead Jo'burg higher

### SOUTH AFRICA

Johannesburg rallied, with the all-share index gaining 0.52 per cent to 8,127.4, helped by Wall Street, a stronger rand and a rally for the local bond market.

Boosted by a better day for the rand, golds were the day's best performing sector, adding 1.9 per cent to 1,048.

Among golds, Anglo climbed R5 to R279. Dealers said there was a large transaction in the shares.

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May 15, 1998

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Pursuant to the Indenture dated as of February 1, 1985 between Shearson Lehman CMO, Inc. as Issuer and Chase Bank of Texas as Trustee, notice is hereby given that the interest rate applicable to the above Bonds for the interest period May 20, 1998 through August 19, 1998 as determined in accordance with the applicable provisions of the Indenture, is 6.3125% per annum. Amount of interest payable is U.S. \$10,952,425,840 per U.S. \$10,000 principal amount.

SHEARSON LEHMAN CMO, INC.

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In accordance with the provisions of the Bonds, notice is hereby given that for the interest period from May 20, 1998 to November 20, 1998 the Bonds will carry an interest rate of 6.625% per annum. The interest payable on the relevant interest payment date, November 20, 1998 will be U.S. \$33.85 per annum. Amount of interest payable is U.S. \$10,952,425,840 per U.S. \$10,000 principal amount.

By: The Chase Manhattan Bank, London, Agent Bank

May 22, 1998 CHASE

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FINANCIAL TIMES Conferences

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# Chicago

Although the Midwest is experiencing an economic renaissance, its largest service centre may be facing a new set of challenges, writes Nikki Tait

## A city reaping the good times

Ceres, goddess of plenty, presides over Chicago from atop one of the city's more elegant skyscrapers. The 30ft, stainless steel statue, by John Storrs, was designed almost 70 years ago. But in the closing stages of the 1990s, it also seems an appropriate symbol.

Chicago, a fractured, "blue-collar" city for much of the century, is reaping the good times. The local economy, which acts as the biggest service centre for the Midwest and reflects its fortunes, is strong. Unemployment, although slightly higher than in the region generally at just over 4 per cent, is at historically low levels. Property values, both residential and commercial, have surged, and a good part of the surplus stock which hung over Chicago at the beginning of the decade has been absorbed. Speculative building may be back on the agenda.

The Asian crisis has also been weathered with relatively little damage to local businesses overall. Regional exports, meanwhile, have benefited from the North American Free Trade Agreement. Canada and Mexico are two of the three top export markets for businesses in the Chicago metropolitan area, taking almost \$6bn worth of goods in 1996. In general, economists worry more about the extent to which Chicago and its surrounding region may be bumping up against capacity constraints particularly in labour market terms than international problems. For example, the Illinois

Coalition, set up to promote Chicago's technology base, suggests that about 30,000 IT positions in Illinois, Chicago's home state, may be unfilled.

This prolonged economic renaissance is also having a visible impact on the city which, despite its image as a manufacturing centre, has long housed graceful architecture and some monumental civic edifices.

Today, the city centre is flush with new restaurants, now spilling out to the west in the former "Skid Row". Navy Pier, the downtown promenade which was revamped in the early 1990s, bustles with activity. There are even grand plans to revitalise the Chicago River. Many Chicagoans, remembering the waterway's not so distant reputation as the town sewer, still blink at the suggestion. For the moment, at least, eating fish caught there is not advised.

"Boom town" ran a recent front-page headline on one local paper. This may be an overstatement, but it does reflect local confidence. Even the sports scene mirrors the upbeat tempo. Michael Jordan and the Chicago Bulls look good for another National Basketball Association title, and the lovable, yet usually losing, Chicago Cubs baseball team has found itself with a star rookie pitcher.

In much of this, of course, Chicago is not markedly different from many other cities in the US. But Chicago's scale and its role as the pre-eminent Midwest service centre, housing everything from big banks to derivatives markets, does mean that the city has had further to travel to

reach this point. Recessionary periods in the 1970s and 1980s hit the Midwest hard, and the loss of manufacturing was devastating.

The population of Chicago also shrank dramatically, by about 25 per cent between 1950 and the latest 1996 census, although with compensating growth in the 'burbs.

But, despite current prosperity it would be a mistake to think that legacy is completely buried. Those 1996 census figures, for example, suggested that the city's population was still declining, albeit at a much-reduced rate, although Richard Daley, Chicago's mayor, now dismisses these numbers as historic. "Just look at the building permits... it's way out of date. There's net growth, sure," he says.

Chicago's once dire education system has been subject to a huge overhaul and much subsequent praise, but there is a lot of ground to make up. Outside the main city centre, revitalisation in some lower-income neighbourhoods is only just getting under way. This presents a new set of challenges, notably how to avoid sacrificing local character and affordable housing on the altar of gentrification and commercial developers' profits.

Finally, Chicago, once notorious for the degree of racial segregation in its neighbourhoods, could hardly be called a fully integrated city. The number of prominent African-American business people is much smaller than in, say, Detroit. Truly mixed residential areas can be

counted on the fingers of one hand. Looking ahead, new challenges also seem to be developing as the city ponders its role in a rapidly-consolidating, increasingly global business environment.

Certainly, the wave of merger mania sweeping through US industry has not treated Chicago kindly. In recent weeks, it has seen Ameritech, the big regional telephone company which services the Midwest, agree to a takeover by Texas-based SBC. All the big local banking groups have now been acquired by larger institutions from outside the immediate area, although Banc One, the Ohio-based buyer of First Chicago, will make the Windy City its official headquarters.

A similar story applies in the manufacturing/service sector. Inland Steel, once a local manufacturing stalwart, is being snapped up by Europe's Ispat. Culligan has succumbed to US Filter. US Robotics, a big Chicago technology success story, was bought out last year by West Coast-based 3Com. Waste Management, which revolutionised the nation's waste services industry in the 1970s and 1980s, has fallen to Texas-based USA Waste. Bid rumours have even surrounded Motorola, the local communications giant.

Of course, a few Chicago-based companies such as Aon, the insurance broking group, or IMC Global, the chemicals business, have been on the acquiring end of this merger wave. Moreover, the scale of headquarters losses should not be exaggerated. Chicago still houses a formidable

Images of Chicago (left to right, from top to bottom) O'Hare flight control; tenant patrol cap at DeSable High School; the Bronzeville neighbourhood is being restored; Chicago river dyed green for St Patrick's Day; pupils leave Jenner School in a violent area; Chicago Mayor Richard Daley applauds President Clinton; City Hall; Chicago Bulls' Dennis Rodman; ready for the start of a sailboat race; trader William S. Katz celebrates his 80th birthday at Chicago Mercantile Exchange; McCormick Place, North America's largest convention centre; Eric Kramer, Chicago Bears' quarterback. Pictures: AP and Todd Rosenberg

array of big corporations, including Amoco, Abbott Laboratories, McDonald's, and Sara Lee.

Mayor Daley is inclined to dismiss these concerns. He points to the fact that some foreign acquirers, such as the Dutch ABN-Amro banking group, have subsequently made Chicago their North American base, and that many European cities have flourished by housing regional offices of multinational companies.

Others put their faith in Chicago's bulk - it services a region whose gross domestic product is only slightly smaller than that of France - and its logistical advantages remain an important asset even in a world switching to electronic commerce. "This is not Peoria. There's a great air transport system and people know Chicago," says Christopher Hill, commissioner for planning and development.

Nevertheless, some in the business community have worried sufficiently about the level of investment inflows to set up World Business Chicago (WBC), an initiative to drive foreign investment.

In a report, WBC noted that Chicago was only fifth in exports among US metropolitan areas; ninth in international tourism; and that, in 1994, it ranked only seventh in attracting new foreign investment. Between 1990 and 1993, 36 new foreign-owned facilities were established in Illinois, Chicago's home state, compared with 222 in the 1980s, it calculated.

One explanation may lie in the increasingly successful marketing efforts by other large US cities, the likes of Atlanta or Houston, say. Cost may also be a factor: Chicago tends to outpace most of these smaller cities, although it remains substantially cheaper than New York. And investment intermediaries are cited by WBC as blaming the "strained relations between Chicago and its suburbs" (often of different political hues) and "lack of co-ordination among business attraction groups".

To many Chicagoans, who tend to be extremely loyal to their home town, this may not be a frontline concern. Decent schools, more green space, and good recreational facilities, as city officials suggest, are probably more immediate worries. Nevertheless, for the long-term prosperity of the city, it seems an issue worthy of consideration.



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## 2 CHICAGO

ECONOMY • by Nikki Tait

## Smiles in a bankers' heaven

The Midwest has become one of the strongest growth areas in the US

Chicago may not hustle like New York, or effervesce like California. But even a casual visitor to the city would find it hard not to notice that the good times are rolling. Restaurants are full, properties and vacant lots in the city centre are being redeveloped, the upmarket Michigan Avenue shops hum with activity.

Meanwhile, a short drive from the centre of Chicago towards Indiana or downstate Illinois dispels any impression that manufacturing activity has fled, wholesale, to cheaper labour markets. As juggernauts rumble relentlessly by, one is still presented with a formidable vista of industrial muscle – certainly dotted by vacant properties, but surviving.

It is a long time since Windy City had it this good. As the biggest service centre for the Midwest/Plains states, its fate has always been tied to the immediate regional economy. That economy has, for most of this century, been dominated by manufacturing with industries such as automotive products and steel playing a particularly significant role. Agriculture, critical to states such as Iowa and Nebraska, also bears an important influence.

The tribulations of the Midwest's manufacturing sector in the 1970s and 1980s have been well-documented. The downturn effectively began in the middle of this century, as the region's share of manufacturing activity began to decline in favour of cheaper markets to the south and overseas.

But it was greatly exacerbated during the recessions which dogged the US over the next 40 years. During the 1979-83 recession, for exam-

ple, the Midwest is reckoned to have lost more than one-fifth of its manufacturing labour force – a retrenchment made all the more painful by a simultaneous slump in the agricultural sector.

Only in the late-1980s did this situation begin to reverse, as evidence of the now much-vaunted "rustbelt revival" started to emerge. The internal restructuring of local manufacturing businesses, the drive towards new export markets, the introduction of more flexible labour arrangements, and the impact of technology change have all been credited for the turnaround.

Whatever the explanation, the net result has been impressive: the Midwest manufacturing index, compiled by the local Chicago Federal Reserve Bank, has risen fairly consistently from late 1990 onwards. The gain over the past six and a half years now stands at more than 45 per cent.

This sharp improvement in the manufacturing sector's fortunes has fed through to service industries, helping to make Midwest one of the strongest growth areas in the US during the recent, extended economic up-cycle.

The region's growth rate last year was 3.8 per cent, while unemployment fell to 4.2 per cent. By 1996, BankAmerica calculates, the gross domestic product of the Midwest – defined as the core eight-state area – stood at \$1,406bn, slightly larger than that of the UK or Italy and only slightly less than that of France.

Chicago itself – where the economy is dominated by business services, financial services, and a mixture of manufacturing activity – has shared in this trend. Unemployment is low, although, at around 4.5 per cent, still above that of the surrounding region generally (where the figure has now fallen below 4 per cent).

Some projections suggest that the local economy could grow by as much as 3.5 per cent this year. That growth is being boosted by a strong housing market, which in turn is fueling consumer demand.

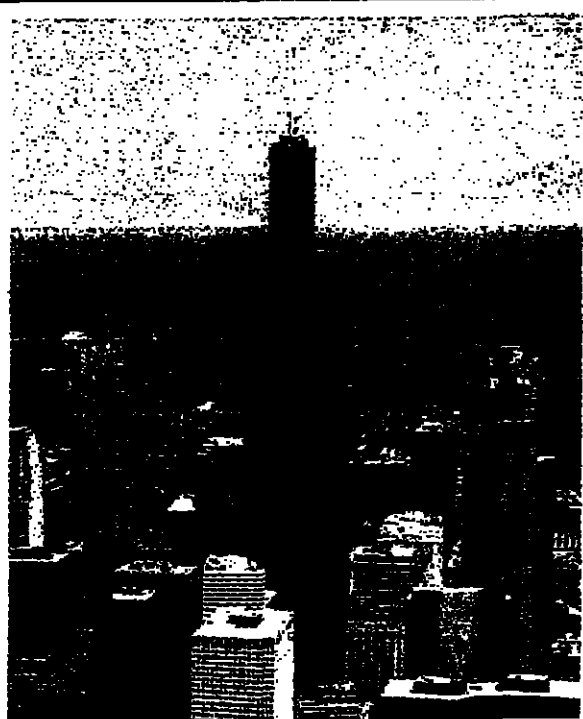
Moreover, some economists think that a degree of stability might be entering the Chicago economy. Last month, when Moody's upgraded its debt rating for the city, it suggested that recent corporate restructurings might have made the local environment less sensitive to ebbs and flows in the business cycle. "We believe this is evidenced by the less severe impact of the early 1990s downturn, as compared to the 1980s recession," the New York-based rating agency commented.

All this leaves the local financial community smiling broadly. As Harrison Tempest, chief executive of ABN Amro North America, which through its ownership of the LaSalle National Corporation is one of the three big banking players in Chicago, remarks: "Someone described this as the Goldilocks economy – it's bankers' heaven."

That said, two issues complicate the generally sunny picture. The first is the issue of labour shortages. These have become severe in parts of the Midwest, and in certain sectors – ranging from information technology to agriculture. Some economists are concerned that this is dampening regional growth; employment in the Midwest rose by 1.4 per cent last year, down from 1.5 per cent in 1996 and well below the 2.2 per cent growth seen in the US generally.

"It is certainly true that labour shortages are hindering the plans of some companies," says Richard Kagle, economist with the Federal Reserve in Chicago.

This has prompted several responses. At the corporate level, for example, companies are increasingly



The Sears Tower symbolises the city's soaring economy. Pictures: AP

inclined to take pro-active steps to ensure a steady supply of appropriate employees – and not just at highly-skilled levels. For example, UPS, the big delivery company which has a large hub in Chicago, runs classrooms for high school students willing to work part-time, in its "twilight" sorting shifts.

The effect on wages, meanwhile, is still unclear. Mr Kagle, for example, acknowledges that companies are paying "targeted" wage increases, such as special signing-on bonuses, but thinks, for the moment, general wage inflation is "not really a concern".

Nevertheless, there has been very little evidence of people moving in from other regions of the US, suggesting that the pressures will continue in the months ahead. Economists at First Chicago have a succinct explanation for this: "Why aren't people migrating to the Midwest in droves? Because economic conditions on the coasts have improved and the weather here in January is lousy," they commented in a recent newsletter.

The second problem is more specific to Chicago itself, and relates to drift in manufacturing jobs from the city itself, partly to other regions but also to the out-

ing suburbs. According to the Federal Reserve, 85 per cent of manufacturing jobs in the broad Chicagoland area were in Cook County (including the city itself) in 1995; this figure had fallen to 67 per cent. Recent Illinois Department of Employment figures confirm the same trend, and pinpoint the extent to which this outflow has really been a city problem (at least, in recent years).

Between 1990 and 1996, the data suggest, Chicago (including O'Hare) lost one in five manufacturing jobs, taking its total down from 216,190 to 166,532. By contrast, suburban Cook County actually added jobs, at 261,333 (263,990). Most of the surrounding "collar" counties that make up the rest of the broad Chicagoland area, also saw manufacturing employment increase slightly over the same period.

This trend can be explained by a number of factors. Mr Kagle, for example, cites the expansion of highway systems, the cheaper cost of suburban land, companies' need for space, and so on. And it should be stressed that the city has also added offsetting jobs in the service sectors.

But the net result still presents a highly-visible problem for Chicago, particularly on the south and west sides of the city where manufacturing activity had historically tended to concentrate.

Today, there are still large tranches of vacant industrial property, such as the huge USX steelworks site near South Shore, and the former warehouses and meat-packing works which cluster around the near South Side and Bridgeport areas. Slowly, some of this space is being re-used as public land, or housing – but it is an uphill process.

BANKS • by Nikki Tait

## State catches up with consolidation

Latest wave of mergers leave only two big banking groups unaffected

Banking consolidation has been a national trend in the US in recent weeks as multi-billion dollar mergers hit the headlines with near-daily frequency. Chicago, on the other hand, presents an interesting example of the effects of this process at the local level.

Since the start of 1998, a majority of the city's big banks – or their parent companies – have been involved in some form of merger activity. The first change came in January, when Royal Bank of Canada announced plans for a merger with Bank of Montreal, owner of the Chicago-based Harris Trust and Savings Bank, a sizeable commercial, industrial and individual banking business.

In mid-April, this was followed by the announcements that BankAmerica and NationsBank planned to merge, as did First Chicago NBD and Ohio-based Banc One. Both transactions had big local repercussions. BankAmerica has been the owner of the former Continental Bank since 1994 (now known as BankAmerica Illinois), which is essentially a business bank targeting corporations, institutions and high-net-worth individuals. First Chicago, meanwhile, is the biggest local banking operator, with about 150 branches in Illinois, a further 208 branches in Indiana, and almost 300 in Michigan, thanks to its earlier merger with National Bank of Detroit.

Over the past few years, it had been viewed as the only truly "Chicago" bank, and an important pillar of the financial community. Its board has been stocked with local businessmen – from Sara Lee's John Bryan to Amoco's Bill Loeferle – and it counts many local companies, big and small, among its customers.

The latest wave of mergers left only two big concerns unaffected: ABN-Amro North America, which owns the local LaSalle banking group, and Northern Trust, still independent but heavily weighted towards banking and trust services.

So what does the latest consolidation really mean for Chicago? Plainly, the most significant deal in local terms is the First Chicago/Banc One tie-up. Although many details of this have yet to be resolved, the two companies have made clear that

the merged organisation, with \$230bn in combined assets and the fifth largest bank in the US, will have its headquarters in Chicago.

However, the First Chicago name will vanish, and Banc One's John McCoy will be its president and chief executive. While the merged entity is being described as a "Midwest powerhouse", it will also be a more broadly-based organisation. It will take in branches in seven southern/south-west states, from Florida to Arizona, for example, and be the nation's second largest credit card issuer after Citicorp.

Back in the Midwest, the banks acknowledge that branches will overlap in Indiana, but have declined to say how many outlets or jobs will go. In Chicago itself, this issue is not viewed as significant: Banc One had struggled to develop a foothold and its presence is small.

Mr McCoy, meanwhile, has suggested that the number of personnel moving from Columbus to Chicago will be relatively modest, at perhaps 50. First Chicago also says that its planned operations centre, to be built in Chicago's South Loop and set to employ about 1,200 people, is likely to go ahead.

In fact, according to Verne Istock, First Chicago's current chief executive, the biggest issue being faced by the integration teams is likely to be technology, as the two banks' systems are co-ordinated. Integration plans are going to schedule, he says, and further details should be in place by July. The biggest change customers are likely to notice, says First Chicago, is that of the name.

The tendency to play down the latest merger wave's impact is common across the local banking community. Harrison Tempest, chief executive of ABN-Amro North America, sums up the prevailing opinion by saying that: "A lot's changed but a lot's stayed the same."

If the larger, Canadian grouping decides to increase its retail presence in the US, it will do so outside the Chicago market, he argues. Meanwhile, BankAmerica Illinois is already a strong competitor in the corporate market, while First Chicago simply retains its number one spot in the retail banking market overall.

True, a culture change might emerge there as Banc One executives make their fairly aggressive approach felt. But in the immediate future, both banks are likely to have their hands full dealing with the integration. First Chicago will also be the biggest bank in the Banc

One network, and so probably retain considerable influence. "A merger of second tier banks would have had more impact because it would have meant new competitors," he comments.

Bill Goodyear, who runs BankAmerica's Global Private Bank, now based out of Chicago, agrees. "The mergers are simply an extrapolation of the consolidation forces which are at work – it's good for customers to have banks with global reach."

The low-key approach, however, does not extend to all community groups. They have been pressurising the banks to increase their commitments under the Community Reinvestment Act, which requires the banks to direct funds to poorer areas. Part of this initiative has been driven by the Chicago-based Rainbow/Push coalition, headed by the Reverend Jesse Jackson.

The banks, aware of the political process being played out and the need to secure regulatory approvals, have tended to be extremely conciliatory. "Our commitment to our communities... has increased substantially since the First Chicago-NBD merger," Sherman Goldberg, First Chicago's general counsel told the House Banking Committee in Washington DC last month.

In the Chicago area alone, we have invested more than \$1.3bn in low and moderate income neighbourhoods, businesses and families in the first 30 months of a six-year, \$2bn commitment.

Meanwhile, Chicagoans are left to wonder whether the absence of a "real" Chicago bank – the relocation of Banc One's headquarters notwithstanding – matters. At a practical level, possibly not. Nevertheless, a good deal of belated wrath has been directed at Illinois' state banking regulations which, until recently, effectively prevented local banks from developing branch networks. The aim of the regulations was to protect downstate banks from being acquired by the larger Chicago-based organisations.

In reality, however, it tended to constrain everyone's growth, and, arguably, led to some less-than-propitious out of state lending. The years of regulation are arguably one of the chief reasons why Chicago's banks have been on the receiving end of takeover offers, rather than making them. Consolidation has now caught up with the state regardless.

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TECHNOLOGY • by Nikki Tait

## Out on the Silicon Prairie

Illinois ranks fourth in the country in terms of high-tech employment

Talk to a West Coast technology specialist, and the term "Silicon Prairie" is unlikely to register.

Yet, in common with many cities worldwide, Chicago would like to sell itself as a high-tech centre, partly because of the growth opportunities which such businesses offer and partly because it might finally bury the city's image as the one-time home of stockyards and belching chimney stacks.

Advocates of the Silicon Prairie concept point to the Windy City's credentials. For a start, the area already houses some big "high-tech" operators.

Motorola, the wireless communications pioneer whose products range from semiconductors to cellular phones, is the largest and probably best known, headquartered at Schaumburg in the city's western suburbs. US Robotics, started by Casey Cowell, a University of Chicago graduate in the 1970s, is another home-grown success story.

It became the second largest supplier of high-end modems before being acquired for about \$60m by 3Com in 1997.

Smaller, but still credible companies, include Platinum Technology, the software house, Spyglass, the web browser business, Tellabs, the voice and data transmission company, and Zebra Technologies, which specialises in the automatic iden-

tification and bar-coding business. Branch out beyond information technology, to fields such as medical products and agricultural genomics, and the list lengthens.

According to the Illinois Coalition, a non-profit partnership set up to bolster the local technology scene, Illinois ranked fourth in terms of "high-tech" employment – after California, Texas and New York – in 1996.

Using US Labor Department data, the coalition calculates that technology-related businesses provided about 370,000 jobs, slightly ahead of Massachusetts or New Jersey, although still a pale shadow of California's 1.2bn.

Moreover, in the Chicago area itself, technology-related businesses are on the rise, although this may partly reflect the general upswing in the local economy.

The coalition calculates that the number of information technology-related companies expanded by about one-third, from just over 4,000 to 5,300-plus, between 1992 and 1996. At the last count, Chicago's IT companies were employing about 123,500 people and generating an \$8bn payroll.

Another, potential strength relates to the diversity of industry in and around Chicago, and the sheer number of large companies with key operations in the region, ranging from the big financial services firms and insurance groups through to health care providers. That, in turn, provides an immediately accessible IT customer base.

Add to that Chicago's cen-

tral location and relatively good air transport links – O'Hare means we can get anywhere in one stop" – says one enthusiast – and the quality of nearby academic and research establishments.

"It's not quite Boston but it's equally, if not stronger, than Silicon Valley," says Doug Colbeth, chief executive of Spyglass, whose company's origins lay in work done by the National Center for Supercomputing Applications at the University of Illinois.

But, despite all these arguments, even those involved with local high-tech businesses admit that "Silicon Prairie" has its problems.

For a start there is the question of venture capital. This still tends to emanate from outside the region.

"You could count on the fingers of one hand, the people who are genuinely first-stage investors," says Matthew Brown, a lawyer with Katten, Muchin & Zavis, who specialises in the high-tech area and counts Zebra and Palatium as clients.

Tom Thornton, president of the Illinois Coalition, agrees this can be a difficult area, at least relative to other regions such as Texas or New York which are also aggressively building a high-tech presence.

"Illinois venture investors don't seem to have the same appetite for seed and first-stage investments," he says.

But Mr Thornton also notes that some well-heeled individual investors, of which Chicago has no shortage, have also begun to emerge. This has created a new class of "angels" specialising in local technology

situations. Labour is the other big sticking-point. The shortage of skilled information technology specialists is a nationwide issue in the US, and the Midwest is no exception.

Mr Thornton, for example, reckons that there are about 30,000 unfilled information technology jobs in the Chicago area.

Finally, there is the more intangible "image" problem. Chicagoans themselves seem to have difficulty viewing their city as an intellectually driven cyberzone but, after all, its appearance is still more reminiscent of a blue-collar manufacturing centre. This is sometimes attributed to a typically Midwestern approach, conservative and unrelentingly pragmatic.

"In Silicon Valley there is the attitude that this is where it's happening," says Mr Thornton. "The image here, which may be representative of the Midwest persona, is more negative."

But Mr Colbeth has a simpler explanation: "I just think it has been a terrible marketing job. The governor's office could be a lot more inventive," he says.

Only recently has a proposal to create a "technology district" within the city's south loop area begun to edge forward as planners jealously eye the success of New York's Silicon Alley. And even that leaves Chicago's IT enthusiasts divided.

Some think it would be a useful rallying point. Others point out that many of the larger existing high-tech players operators are already based in leafier outlying suburbs.



FUTURES • by Nikki Taft

## Challenge of change

The 1990s have proved to be a testing period for the city's rival exchanges

Anyone calling in on the elegant deco building in the middle of LaSalle Street which houses the Chicago Board of Trade might imagine that all was well with the city's futures industry.

In trading hours the pits are a hive of activity. Traders shout, wallboards flash, there is paper everywhere.

But despite the energetic appearance the late 1990s are proving to be a tough period for established futures markets in Chicago, home of the US industry, as elsewhere.

Sweeping changes in the financial services industry and the globalisation of trading, coupled with rapid technological advances, are challenging the traditional manner in which business has been conducted.

End-customers are looking for the cheapest means of laying off risk, and exchanges are under pressure to lower members' costs.

For Chicago this is a big issue. Futures markets have been an integral part of the city's economy for more than a century.

The Board of Trade began in 1848, when Chicago was already functioning as a leading grain and agricultural terminal.

The Chicago Mercantile Exchange, the world's third largest exchange after CBOT and the London International Financial Futures and Options Exchange (LIFFE), dates back to 1874.

Together these markets, plus their member firms, are reckoned to generate around 110,000 jobs in the city, directly or indirectly. More than \$1bn is spent annually on exchange-related goods and services.

But the late 1990s have proved an unsettling period. This is partly because of the competition presented by the growing over-the-counter derivatives market, which is more lightly regulated than

the formal exchanges yet also offers risk management tools such as swaps to large sophisticated operators.

A second challenge is presented by technology. Some smaller exchanges, mainly overseas, have demonstrated that costs can be cut and customers won by replacing the traditional pit-based trading method, known as "open outcry", with electronic screen-based systems.

Finally, the relatively stable US economy and shrinking budget deficit have reduced volatility in key interest rate-related products. This is bad news for "locals", the independent traders who provide much of the markets' liquidity.

The exchanges readily acknowledge the need for changes, although the spread of different interests among their members does not make for easy solutions.

In particular, locals worry that their role would be impossible to replicate if a switch were made to screen-based trading during regular daytime hours.

So the exchanges are moving with some delicacy. For example, the CME is calling in external consultants to review a range of issues such as governance and strategic direction.

Both exchanges have also promoted electronic trading systems for after-hours business.

They have brought in new contracts, effectively giving members more business opportunities over which to spread costs.

And they even buried traditional rivalries to agree a common clearing system, which will handle trades from both markets.

But that, in turn, has raised the question of whether Chicago needs two exchanges - or whether, by combining, they could produce one powerhouse.

This suggestion is still usually brushed aside, not least because of the two organisations' very different cultures and years of fierce rivalry. Nevertheless, as the competitive pressures have mounted, the laughter has become a little less loud.

POLITICS • by Nikki Taft

## Controversy and character

The local political scene is considerably calmer than in the past

Chicago and politics have always been a combustible mix. Past leaders, such as "Big Bill" Thompson, through Richard J. Daley and the Chicago "machine", and on to Harold Washington, the city's first African-American mayor, have variously provided a rare degree of colour, character, controversy and clout.

In reality, today's local political scene is considerably calmer than in the past - although the political currents that swirl beneath the surface are probably every bit as complex. Richard M. Daley - son of the former mayor, and sometimes known locally as "Richie" - is into his third four-year term. Both he, and his brother William, have risen to prominence in the Democratic party, supporting Bill Clinton early in his first presidential campaign in 1992 and then offering support in some critical battles, such as the NAFTA "free trade" legislation. William Daley is the US secretary of state for commerce.

Essentially, Chicago represents a Democratic stronghold, amid the conservative rural constituencies of downstate Illinois. In the first Mayor Daley's term of office - which ran from 1955 to 1976 - relations with Springfield, the centre of state politics, were often confrontational. Today, it is more of a cool stand-off although on issues such as airport facilities, views differ sharply.

Jim Edgar, Illinois' governor, has already announced that he will retire this year, setting the stage for a fight between George Ryan, the 61-year-old secretary of state, and Glenn Poshard, who - to the surprise of some - has emerged as the Democratic contender. Mr Poshard, a

one-time school teacher and seen as a fairly populist contender, beat his three primary opponents with unusual support from downstate and suburban voters. But he still faces an uphill task. Republicans have held the governor's office for 22 years.

A second closely-watched battle focuses on Senator Carol Moseley-Braun, the first African-American woman senator and on the progressive side of the Democratic Party, who has faced her share of controversy over the past five years. She is seeking to hold her Congressional seat against Peter Fitzgerald, whose highly-conservative Republican views are probably an electoral liability but whose personal wealth is formidable.

Back in Chicago, efforts have been made to clean up the city's political image, and counter its apparent propensity to produce corruption scandals - although with little short-term result. Since the 1970s almost two dozen city council members have been embroiled in corruption charges. No sooner had a new ethics ordinance been passed last year, than Alderman Patrick Huel, who grew up in the same Bridgeport neighbourhood as the Daleys and had risen to become city council floor leader, became embroiled in controversy over loans to a company in which he held an interest. Mr Huel, who said he had done nothing illegal, was forced to resign.

For many Chicagoans, however, this is little more than a familiar backdrop, viewed with a degree of amusement and sometimes astonishment, but rarely alarm.

Chicago politicians, after all, have long liked to boast that Chicago is "the city that works" - a claim which is designed to appeal to the pragmatic nature of its inhabitants, rather than to the higher realms of idealism.

POPULATION • by Nikki Taft

## People-pulling problem

City planners are facing the challenge of a shrinking population

Gaze at the solidity of Chicago's architecture - from the stately housing developed in the late-1800s, through the grand boulevards devised by Daniel Burnham, to monumental civic buildings such as Soldier Field - and it is hard to imagine the city shrinking. Yet, in population terms, this has been the case.

The decline began in the 1950s, as the suburbs started to grow rapidly at the expense of the inner city area. This trend was to become more marked in the 1960s and 1970s as migration to the sunbelt states accelerated. It finally became a crisis in 1990, when Chicago ceded its rank as America's second largest city to Los Angeles.

Amid a wave of local anguish, and fears of lost federal funding which is partly based on census figures, Jane Byrne, the then mayor, threatened to take the issue to court.

Today, the population

decline is less precipitous, and the implications for funding less serious. Nevertheless, latest estimates put Chicago's population in 1996 at 2.72m, about 2.2 per cent below the 1990 figure, and a substantial reduction from the peak of 3.62m registered in 1950.

In part, demographers have attributed Chicago's recent showing to a reduction in immigration. Although the city houses significant Hispanic and Asian populations, it is a relatively weak magnet for Chinese, south-east Asian, and even Mexican newcomers compared with New York or California.

Asian households, for example, still make up only about 2 per cent of total households in the broad metropolitan Chicago region.

There is also some evidence that the suburbs are still attracting families at the city's expense.

The surprising exception to these trends has been the Loop - the central business district and, to a lesser extent, some areas to the immediate north.

Here, the residential population is reckoned to have increased by about 10 per cent between 1990 and 1996.

Anecdotal evidence, at least, indicates that older Chicagoans, whose children have left home, are abandoning large, but cumbersome properties in the "burbs", for the convenience of inner-city living, while loft conversions attract younger residents.

Nevertheless the general downward drift in the city's population has presented planners with considerable challenges.

In a few areas, market forces have managed to generate revitalisation. Bucktown, a northside neighbourhood, is a good example. As the "hippie" neighbourhoods to the north of the city, such as Old Town or Lincoln Park, became increasingly expensive, Chicago's bohemian, arts-oriented community shifted to cheaper properties in an old, predominantly Polish neighbourhood to the west.

The complaint now is that commercial development, coupled with the arrival of mainstream art galleries and trendy restaurants, is driving up property prices and threatening the character of this area, too.

In other areas, jump-starting development has been the main goal. Increasingly, the city has turned to

"Tif" (or tax incremental financing). This, sometimes controversial tool, allows incremental property tax revenues generated within a designated Tif district's boundaries to be fed back into infrastructure improvements, assembling further parcels of land for redevelopment, and even the subsidy of new projects.

The city has more than 50 Tifs - whose designated status can last for up to 23 years - either in operation or planned. ("Their importance" cannot be overstated, in providing economic reinvestment dollars," says Christopher Hill, commissioner for the city's department of planning and development. "We're not getting the money from state or federal governments.")

Critics, however, claim that the schemes divert tax dollars from other public entities, such as schools and parks. They also tend to enrich commercial developers and can encourage "cronyism".

Perhaps nowhere better exemplifies the promise and problems which surround the redevelopment of Chicago neighbourhoods than Bronzeville.

This is a southside district



Bucktown has become a hot spot for living

close to the Illinois Institute of Technology (IIT) which is the historical heart of African-American community in Chicago.

If all goes to plan, city investments along with larger private initiatives - such as a \$250m rehabilitation of the IIT campus - could mean that hundreds of millions of dollars flow into the area. There is talk of attracting "cultural tourism", based around nine landmark properties.

But, even here the path

has not been smooth. The boundaries of the Tif, now in its final approval stages, have presented headaches. A pioneering, 80-year-old housing development to the west has opted out, apparently unwilling to accept the constraints its participation would have imposed.

Meanwhile, some Bronzeville residents are concerned that they might be priced out of their neighbourhood, and question how many jobs will flow through to local inhabitants.

# Chicago

## Your Business Address

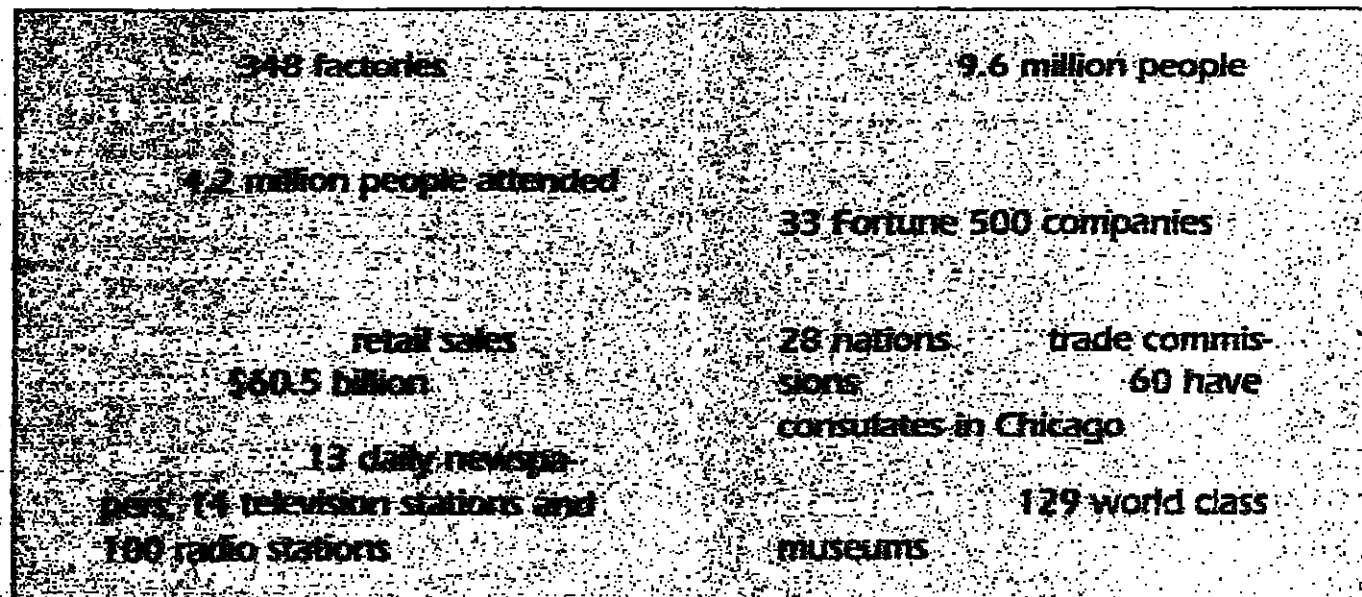
Retailers, manufacturers and corporations alike have discovered that Chicago has all the ingredients they need for success. In fact, more businesses are locating their companies to Chicago than to any other city in the nation.

Why? Because of Chicago's advantages—a pro-business attitude, a highly skilled and diverse labor force (with 7 million people in the metropolitan area), 3.3 million square feet of convention space, fast-paced trading floors and the nation's shipping center.



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### Facts about Chicago

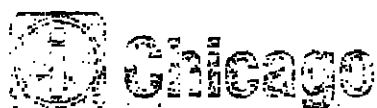


The City of Chicago  
Richard M. Daley, Mayor

Chicago Fact Book:  
<http://www.ci.chi.il.us/wm/dpd>

Christopher R. Hill  
Department of Planning & Development

## 4 CHICAGO



## Business Information

The Chicago Business Network has a comprehensive list of Chicago businesses on the web. [www.chicagobusiness.com](http://www.chicagobusiness.com)

The Chicago Chamber of Commerce can be found on 330 N. Wabash Avenue, tel: (312) 494 6700. [www.chicagochamber.com](http://www.chicagochamber.com)

The Chicago Board of Trade is located at LaSalle and Jackson (see map). Details of operating hours are available on its website. [www.cbot.com](http://www.cbot.com)

The Chicago Stock Exchange is located at 440 S. LaSalle Street, tel: (312) 863 2980. [www.chicagostockexchange.com](http://www.chicagostockexchange.com)

'The Merc', Chicago's Mercantile Exchange is at 30 S. Wacker Drive, tel: (312) 930 3434. [www.the-merc.com](http://www.the-merc.com)

McCormick Place, North America's premier convention centre can be found at 2301 S. Lake Shore Drive. Tel: (312) 781 7000. [www.mccormickplace.com](http://www.mccormickplace.com)

The Business/Science/Technology Division of the Harold Washington Library Center can be found on the fourth floor of 400 South State Street. [www.hwlcd.org](http://www.hwlcd.org)

For the latest business news visit the Chicago Tribune and the Chicago Sun-Times websites. [www.chicagotribune.com](http://www.chicagotribune.com) and [www.suntimes.com](http://www.suntimes.com)

For computer rentals call Incon Computer Rentals on (847) 678 0222 or GE Capital Computer Rental on (630) 858 4700.

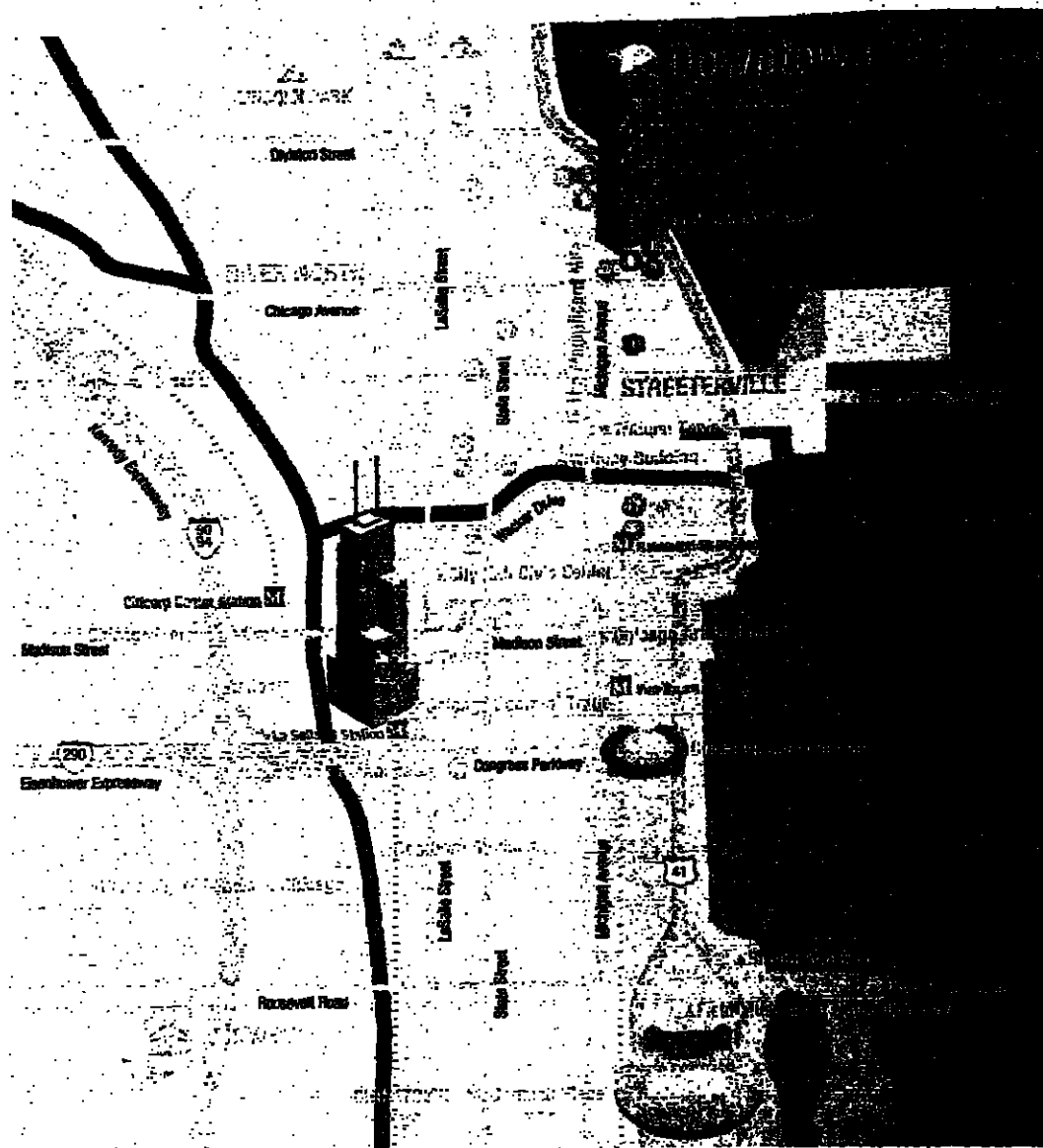
For formal wear try Singlas Formal Wear, 151 S. Wabash Avenue, tel: (312) 263 7071 or Soto Formal Wear, 6 E. Randolph Street, tel: (312) 782 1115.

For messengers call Arrow Messenger on (773) 488 6888 or Cannonball on (312) 829 1234.

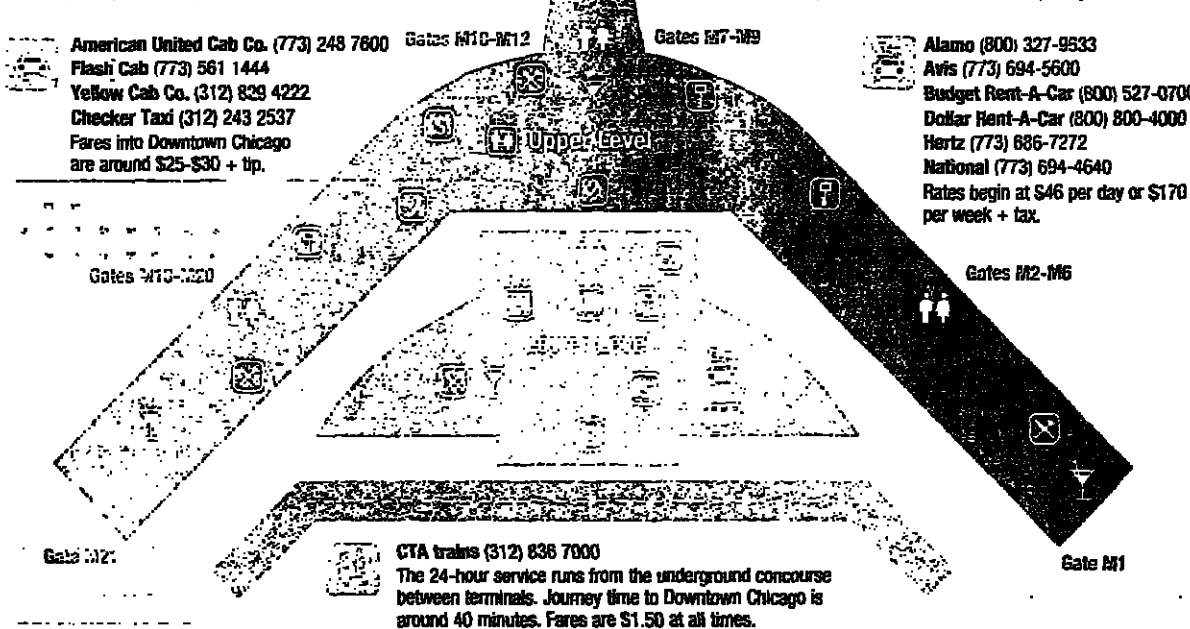
- 1 Belden-Stratford:** 2300 Lincoln Park W. (773) 281 2900 or (800) 800 8301  
A magnificent 1920s hotel set away from the tourist areas. \$125-\$150  
AE, D, DC, MC, V. 10 restaurants. Two restaurants, full bar, beauty salon, gym, concierge service.
- 2 Claridge Hotel:** 1244 N. Dearborn Pkwy. (312) 787 4880 or (800) 245 1258  
Peaceful, quiet and genteel hotel on a tree-lined street. \$100-\$150  
AE, D, DC, MC, V. 100 rooms. 10 restaurants. Full bar, beauty salon, gym, concierge service.
- 3 The Drake:** 140 Walton Pl. (312) 787 2200 or (800) 553 7253  
A splendid 1920s hotel frequently visited by the rich and famous. \$200-  
AE, D, DC, MC, V. 400 rooms. 10 restaurants. Full bar, beauty salon, gym, concierge service.
- 4 Fairmont:** 200 N. Columbus Dr. (312) 565 8000 or (800) 527 4727  
Elegant and airy hotel with grand rooms just minutes from the Loop. \$200-  
AE, D, DC, MC, V. 300 rooms. 10 restaurants. Full bar, beauty salon, gym, concierge service.
- 5 Embassy Suites:** 600 N. State St. (312) 943 3800 or (800) 362 2779  
Built for a 50's corporate audience with a range of in-room facilities. \$200-  
AE, D, DC, MC, V. 300 rooms. 10 restaurants. Full bar, beauty salon, gym, concierge service.
- 6 Four Seasons:** 120 E. Delaware Pl. (312) 280 8800 or (800) 332 3442  
Great service with a grand English country house feel. \$200-  
AE, D, DC, MC, V. 300 rooms. 10 restaurants. Full bar, beauty salon, gym, concierge service.
- 7 O'Hare Hilton:** O'Hare International Airport. (773) 686 8000 or (800) 445 8867  
Catering for business people and connected with airport terminals. \$100-\$150  
AE, D, DC, MC, V. 300 rooms. 10 restaurants. Full bar, beauty salon, gym, concierge service.
- 8 Ritz-Carlton:** 201 E. Delaware Pl. (312) 943 5000 or (800) 821 5343  
A charming and comfortable 1920s hotel with elegant service. \$150-\$200  
AE, D, DC, MC, V. 300 rooms. 10 restaurants. Full bar, beauty salon, gym, concierge service.
- 9 Renaissance Chicago:** 1 W. Wacker Dr. (312) 372 7200 or (800) 468 3571  
Modern interpretation of turn-of-the-century splendour. \$200-  
AE, D, DC, MC, V. 300 rooms. 10 restaurants. Full bar, beauty salon, gym, concierge service.
- 10 Ritz-Carlton:** 160 E. Pearson St. (312) 286 1000 or (800) 691 6906  
A luxurious hotel with a blend of European styles. \$200-  
AE, D, DC, MC, V. 300 rooms. 10 restaurants. Full bar, beauty salon, gym, concierge service.
- 11 Swissôtel:** 323 E. Wacker Dr. (312) 565 0665 or (800) 654 7262  
Harry Wesse-designed hotel with panoramic views and river vistas. \$200-  
AE, D, DC, MC, V. 300 rooms. 10 restaurants. Full bar, beauty salon, gym, concierge service.

In the Loop: Rush Presbyterian St. Luke's, 1750 W. Harrison St. (312) 942 5000  
Northwestern Memorial Hospital, 250 E. Superior St. at Fairbanks Ct. (312) 908 2000  
Hyde Park and South Side: Michael Reese Hospital, 2329 S. Ellis Ave. (312) 791 2000  
Bernard Mitchell Hospital at the University of Chicago, 5841 S. Maryland Ave. (312) 702 1000

Walgreen's: 757 N. Michigan Ave. at Chicago Ave. (312) 654 8886  
Oscar's Pharmacies: call (800) 654 6726 for the nearest location



## O'Hare International Terminal



- 2 Ambrie:** 2300 N. Lincoln Park W. (773) 472 6959  
Contemporary French cuisine in an Art Nouveau setting. \$45-  
AE, D, DC, MC, V. Reservations essential. Closed Sun. No lunch.
- 3 Blackhawk Lodge:** 41 E. Superior St. (312) 280 4080  
History-smoked cuisine in a rustic American setting. \$30-\$35  
AE, D, DC, MC, V.
- 4 Brasserie Les:** 59 W. Hubbard St. (312) 595 0800  
Authentic French brasserie. \$30-\$35  
AE, D, DC, MC, V. No lunch weekends.
- 5 Charlie Trotter's:** 816 W. Armitage Ave. (773) 248 6228  
Highly recommended gourmet restaurant. \$45-  
AE, D, DC, MC, V. Reservations essential. Closed Sun. No lunch. Jacket required.
- 6 The Dining Room:** Ritz Carlton, 160 Pearson St. (773) 266 1000  
Fine classic French food in a beautiful setting. \$45-  
AE, D, DC, MC, V. Reservations essential. Jacket and tie required.
- 7 Everest:** 440 S. La Salle St. (312) 653 8920  
Exclusive venue 40 floors above ground with sweeping views. \$45-  
AE, D, DC, MC, V. Res. essential. Closed Sun. No lunch. No dress code. Jacket required.
- 8 Frontiera Grill:** 445 N. Clark St. (312) 661 1434  
Mexican cuisine in a casual cafe atmosphere. \$10-\$20  
AE, D, DC, MC, V. Closed Sun.
- 9 Grappa:** 200 E. Chestnut St. (312) 337 4500  
Contemporary cuisine in a sophisticated Italian restaurant. \$35-\$45  
AE, D, DC, MC, V. No lunch Sun.

- 10 Las Nozades:** 222 E. Ontario St. (312) 849 9010  
Smart French restaurant, formerly a dining club. \$45-  
AE, D, DC, MC, V. Res. essential. Closed Sun. No lunch. Jacket required.
- 11 Morton's of Chicago:** 1050 N. State St. (312) 286 4820  
Chicago's best steak house. \$30-\$45  
AE, D, DC, MC, V. Res. essential. Closed Sun. No lunch. Jacket required.
- 12 Papagayo:** Embassy Suites, 620 N. State St. (312) 842 8450  
Chicago's best Greek restaurant. \$18-\$30  
AE, D, DC, MC, V.
- 13 Park Avenue Cafe:** 198 E. Delaware Pl. (312) 944 4414  
Imaginative and artistically presented American food. \$45-  
AE, D, DC, MC, V. No lunch. Open late.
- 14 Priolo's Room:** 550 S. Dearborn St. (312) 461 0780  
Creative regional cuisine in a stylish restaurant. \$30-\$35  
AE, D, DC, MC, V. Closed Sun. No lunch.
- 15 Shaw's Crab House:** 21 E. Hubbard St. (312) 527 2722  
East Coast-style seafood restaurant and oyster bar. \$30-\$45  
AE, D, DC, MC, V. Lounge closed Sun. No lunch weekends.
- 16 Spilaggle:** 980 N. Michigan Ave. (312) 280 2750  
Luxury Italian dining in a stylish setting. \$45-  
AE, D, DC, MC, V. Reservations essential. Jacket required.
- 17 Topolobampo:** 445 N. Clark St. (312) 661 1434  
Quality Mexican food in a stylish atmosphere. \$30-\$45  
AE, D, DC, MC, V. Reservations essential. Closed Sun. No lunch Sat.

## EDUCATION • by John Authers

## A lesson in school reforms

A bold experiment in classrooms could lead to a sea change in US education

Chicago public schools have the eye of the nation. One of the nation's largest school systems, with 557 schools, more than 420,000 pupils, and an operating budget of \$2.5bn, it had also traditionally been one of the most troubled, suffering from problems of deprivation common to many urban areas.

But the drastic reforms the city started to put in train in 1985 have commanded international attention, and could lead to a sea change in the way all US school education is conducted. The project has been watched closely by President Clinton, who has championed several of the proposals and is using federal money to nudge other metropolitan school systems into following Chicago's example, and by the new Labour government in the UK.

It has generally eschewed some of the more fashionable right-wing policies centred on attempting to create an education "market" with several competing school systems, such as the "charter schools" used in many US states, or the UK's "grant-maintained" schools. Instead, in 1985 it launched an aggressive campaign to use externally set benchmarks and targeted assistance to improve the performance of the existing system.

The most controversial reform came two years ago when Chicago did away with "social promotion" - the technical term for allowing

children to progress to a higher grade and on to high school without necessarily having shown that they had mastered their previous grade.

Internationally, many academics believe that the US grade system can institutionalise mediocrity, and slow the progress of all pupils, particularly at the high school level.

Paul Vallas, the energetic chief executive appointed to run the system three years ago, freely admits that this was the single most controversial decision the system has made, and that he has been surprised by how little opposition it has created.

In 1996, new standards based on externally set skills tests in reading and mathematics were set to spot under-achieving students in the third, sixth, eighth and ninth grades. In its first

year, this revealed that 12.7 per cent of pupils had not met the minimum standards. Without taking extra study, they would not be allowed to move up to the next grade with their peers.

The following year, when the standards were raised slightly (Mr Vallas had set the bar quite low in the first year), the proportion failing to meet the new minimum dropped to 8.3 per cent.

Improvement was particularly dramatic at high school. After one year, the proportion of 15-year-olds not reaching the minimum standard for high school (which children normally start in the September after their 14th birthday) had halved, from 2,600 to 1,300.

Mr Vallas is unapologetic about the scheme. "The point is that we want to graduate children prepared for college or a job, rather

than give them a phoney degree, or one which doesn't translate into any competency. That's the approach we are taking."

The scheme's strongest backer appears to be the president. Speaking to governors earlier this year, Mr Clinton talked about parents he had met at an inner-city school in Chicago. "None of them felt aggrieved because this school had ended social promotion. They felt empowered because it had, because it was done at the grassroots level. And they thought it was a fair system because they were involved in it and because their kids had a positive alternative. So it wasn't just that they were going to be held back."

The system is acceptable to parents because it is backed by a range of new services to increase children's chances of progressing.

It is also workable because of a series of financial reforms, in which the city has delegated wide flexibility to Mr Vallas, a former Chicago budget director, and school officials.

The money the school system receives is consolidated into a single block grant, giving Mr Vallas "maximum flexibility".

The school system has also reached a four-year agreement with teachers' unions, which set limits on class sizes and working hours, and allowing a background of industrial peace for the reforms.

But the extra resources have been balanced by extra accountability. More than 100 schools have been placed on academic "probation" at different times due to poor performance, while 36 principals - who are not unionised - have been dismissed for failing to reach the academic targets set for their schools.

Schools are also being encouraged to take a more old-fashioned attitude to discipline issues. Each school must vote each year on whether to introduce uniforms, and 80 per cent have now done so in an attempt to counter gang insignia.

The results of Chicago's bold experiment are now being watched closely.

## THE RIVER AND THE GREAT LAKES • by Tony Walker

## 'Open sewer' now runs more sweetly

Progress has been made in cleaning up the river but much more needs to be done

Upton Sinclair, the American writer, could hardly have been more scornful about the river which snakes through Chicago's city centre and suburbs.

Soon after the turn of the century, Sinclair described it as a "great open sewer a hundred or two feet wide" in which sewage and chemicals underwent "all sorts of strange transformations," so it was constantly in motion, as if "huge fish were feeding in it".

Now, Chicago prides itself on the progress made in cleaning up the Chicago-Illinois watershed and is bent on having the once "great open sewer" designated an American Heritage River. This would seem a reasonable expectation given the improvements made to both the quality of the water and the riverscape which is being transformed into a recreational and residential habitat.

Richard Daley, Chicago's mayor, gets high marks for his efforts to make the Chicago River more "user-friendly" like the Thames and Seine. Indeed, after visits to London and Paris in recent years he has instructed city officials to redouble efforts to "purify" the river and its surrounds.

"I think the mayor wants to make this city even more of a world class city than it is and he is constantly looking for ideas to achieve that," says Jeffrey Edstrom, senior policy director of the Council of Great Lakes Governors, a group charged with revitalising the Great Lakes area.

But for all the progress much more work needs to be done to complete the river's transformation so that it complies with the Federal Clean Water Act which requires that American waterways be navigable and

also meet minimum standards for edible fish and bathing.

"We are getting quite close according to a number of standards to make the river fishable," says Susan Hedman, president of Friends of Chicago River, lobbyists for the river and its surrounds. "But we still have a long way to go to make it swimmable."

The river suffers from a residue of toxic waste embedded in its silt and sludge, and is also afflicted by the run-off of herbicides and other contaminants from people's gardens and households.

Ms Hedman's organisation is leading the campaign to have the Chicago River added to the heritage register. In recent correspondence with Washington she pointed out that the "City of Chicago owes its very existence to the Chicago River. It is the 'natural feature' which first defined Chicago's location."

"The future of the Chicago river is bright," she wrote. "The river is being used as an outdoor classroom by elementary and high school teachers throughout the watershed, and as more and more people move back into the city, new residential communities are developing along the river."

Rehabilitation of the Chicago River fits neatly with the city's plans to revitalise its city centre as both business and residential area. A cleaner river and its surrounds appear to be adding to Chicago's charms which have made it one of North America's more desirable areas - especially for young professionals who find New York and Los Angeles expensive.

City officials recently unveiled plans to develop further the river, including bicycle and walking paths, new docks for boats, fishing spots and parks. "What we are trying to do is reintegrate the river into the neighbourhoods which line its banks," says Joseph Zehnder, deputy commissioner of the City's Department of Planning and Development.

Boat taxi operators are helping to make people more aware of Chicago's charms viewed from its once maligned river. City officials hope this mode of transport will catch on following the European example.

Efforts to make the best of the Chicago River also complement a programme to revitalise the Great Lakes region which continues to suffer from serious pollution problems - Lake Michigan near Chicago has been polluted with asbestos - and, until fairly recently, has also been burdened by filtering "nuclear" economies.

But in the past few years a concerted effort by the Canadian authorities and by the eight states which border the Lakes has improved markedly the environment, and the region has undergone something of an economic re-birth.

The area remains North America's industrial heartland: it manufactures 80 per cent of the continent's steel and 60 per cent of automobiles while the rate of growth of exports exceeds that of most other regions.

This represents a fairly remarkable turnaround from the late 1970s and early 1980s when unemployment soared to twice the national average and the region lost 16 per cent of its manufacturing jobs. Most of its industries, including the motor industry, were in decline and obituaries were referring to the death of "rust belt" economies.

But the obituaries have proved premature, and along with an economic renaissance has come a more determined effort to preserve the environment.

As a statement by the Council of Great Lakes Governors says: "The Governors' vision today presumes that the clean-up and protection of the Great Lakes is dependent on a world-class regional economy, and that sound environmental policy makes good economic sense."

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Business



AIRPORTS • by Tony Walker

## High-flying soap opera grinds on

Elections are highlighting the argument over a third airport

It is among Chicago's longest-running soap operas and this year it is set to command more attention than usual. Elections for governor and the US Senate are again highlighting the vexed issue of whether Chicago should move forward with a "third airport" to supplement existing facilities, including O'Hare, the world's busiest airport.

Politicians seeking votes tend to favour an additional airport, both to relieve pressure on O'Hare and to provide economic stimulus for an area south of Chicago which is a proposed site for a third facility. O'Hare is subject to persistent criticism from residents who live under or near its flight paths.

But powerful opponents of a new airport include Richard Daley, Chicago's popular mayor, aviation officials and the two airlines which use O'Hare as hub of operations - United and American. The lack of obvious financing will also make it difficult to go ahead with a new airport.

Mary Rose Loney, Chicago's Aviation Commissioner, believes talk of a new facility is something of a red herring. "We feel very strongly that demand can be met through Chicago's existing airport system," she says.

Joe Hopkins, media relations manager of United Airlines, headquartered in Chicago, says the industry is opposed to a third airport "on the basis it is not needed and not affordable."

The Clinton administration is also quietly giving its support to Mayor Daley whose brother serves in the cabinet. The Federal Aviation Authority last year removed Chicago's proposed new airport from a list of those eligible for federal funding.

In the meantime, as the debate rumbles on, Ms Loney is striving to improve and expand O'Hare's facilities to make it more attractive for international travellers. She cites a recent airline study which found that "an international passenger was five or six times more valuable than a domestic one."

O'Hare with 70.4m passengers passing through its facilities last year has a strong lead over Dallas, North America's next busiest airport. But its share of lucrative international traffic lags "gateways" such as New York, Miami, Los Angeles and Toronto. About 15 per cent of O'Hare's traffic is international.

Ms Loney has pledged to "aggressively pursue" increased international traffic, seeking to capitalise on the strength of United

and American which are both expanding internationally. United's share of all operations at O'Hare and Midway (Chicago's second airport) is about 45 per cent, compared with 38 per cent for the Dallas-based American.

Measures being adopted at O'Hare to improve competitiveness include lowering rents and fees for carriers at the international terminal and an enhanced marketing effort.

The aim is to persuade airlines to increase the frequency of flights to Japan, to open non-stop routes to other parts of Asia, and to include more destinations in Latin America and Europe.

Ms Loney has also announced a freeze or reduction in domestic airport landing fees and rental rates, both of which had risen sharply in 1997. "We do not want to lose our leading edge," she says. "We want to make sure we do not let other airports pass us by."

Agreement has been reached with big carriers to spend some \$1bn on "strengthening and shoring up" domestic terminals. The international terminal is "well positioned" to meet growth expectations, according to Ms Loney. "We have a mature domestic market," she says. "But international activity is growing at a double digit rate."

Chicago's aviation authority is also looking at Midway, the "point-to-point" airport on the city's southside which is host to smaller, lower-fare carriers which complement the O'Hare service.

The plan is to spend \$722m on building a new terminal and improving roadways and parking at Midway.

In 1997 combined operations of O'Hare and Midway reached 1.12m take-offs and landings, with O'Hare accounting for some 884,000 of the total. That puts it ahead of Dallas, Los Angeles, Atlanta and Denver in the US.

Ms Loney is confident Chicago can maintain that lead in spite of sniping from local critics who have stymied efforts to add a new runway at O'Hare. She points to the 30 "open skies" agreements concluded by the US recently as an encouragement to "market-based competition", which should be good for the Mid-West region with its large population base.

She also notes that O'Hare's domestic feeder traffic is particularly strong with about 58 per cent of passengers using the airport to transit to other flights. This provides a large potential pool of passengers for international flights.

"Barriers to international growth are being lifted at an unprecedented rate this decade," she says. "The convergence of all these positive attributes really shines on Chicago."

PROFILE Oprah Winfrey

## Brightest star in midday TV firmament

Chicago may have an indifferent climate and a murky outlook on the world, but it is home to US television's brightest star and one who brings considerable revenues and kudos to a city which has had its ups and downs over the years.

What is good for Oprah Winfrey is also beneficial, it seems, for Chicago. Jeffrey Jacobs, president of Harpo Productions (Harpo is Oprah spelled backwards), estimates that the queen of midday television brings some \$30m a year to the local economy in terms of salaries for the 150 people on her payroll, airlines and hotel accommodation for guests who appear on her show, and for other activities involved with her multi-entertainment empire which includes film and video.

But the bare figures probably underestimate the real benefit to Chicago. With basketball star Michael Jordan of the Chicago Bulls, Ms Winfrey provides hours of priceless unpaid advertising for the city at home and abroad.

In the process she has enriched herself almost certainly beyond her own imagining. Forbes magazine estimates her net worth at more than \$500m, making her one of the highest paid stars in the entertainment business.

But the Winfrey phenomenon appears not simply to be that of a popular entertainer who is a mistress of all she surveys from her clichéd throne as the "Queen of daytime television". From her Chicago perch she has become something of a national institution, capable of influencing reading and recreational habits



With basketball star Michael Jordan, Oprah Winfrey provides hours of priceless unpaid advertising for the city

among her millions of viewers across the world.

"What makes her the best?" asked the writer of one of many adoring profiles which have been written over the years. "It's a combination of factors, including natural ability, acquired skills, personality, experience, charm, compassion, intuition and, without question, star appeal."

The writer could have added the word: marketing! For Ms Winfrey, who clearly has a flair herself for relatively effortless self-promotion, is also packaged superbly by her Harpo minders.

They could hardly have wrung

greater climactic advantage, for example, from the announcement last September that after weeks of soul-searching Ms Winfrey had agreed to continue her award-winning show through the 1999-2000 season. King World Production, marketer of the Oprah Winfrey Show, breathed easier and its stock price firmed. The show reaches 59 per cent of the US viewing audience, is carried by 206 TV stations nationwide and in 132 international markets. Ms Winfrey is as popular with housewives in Riyadh, Saudi Arabia, as she is in Des Moines, Iowa.

She also turned skilfully to her

advantage this year a time-consuming libel suit brought by Texas cattlemen over remarks on her show suggesting meat-consumption was harmful to one's health. In February, a judge in Amarillo ruled that she bore no liability for the critical remarks. But Ms Winfrey, who had decamped to Amarillo with her show for the trial, was able to portray herself as a doughty proponent of the First Amendment and, in the process, reap a publicity windfall. "My reaction is that free speech not only lives, it rocks," said Ms Winfrey, standing outside the Amarillo courthouse.

The trial and attendant publicity did no harm to ratings of the *Oprah Winfrey Show*, which has consistently outrated its competitors since it was launched in 1986. But, as Harpo executives point out, the sum of the Winfrey phenomenon is much more than the parts of her top-rating show.

From her \$30m production studio on Chicago's west side, Harpo Films is producing TV movies for ABC and feature films in conjunction with Disney's Touchstone Pictures. Ms Winfrey herself is starring in *Beloved*, based on the Toni Morrison novel.

She is also a best-selling author. *Make the Connection*, her fitness manual has sold 2m copies. Oprah Winfrey's marketers could not be accused of passing up opportunity to capitalise on her name and reputation.

But perhaps the real proof of her marketing power lies in her ability to sell the works of her favourite authors. Ms Winfrey has done for Toni Morrison, the 1993 Nobel laureate, what years of diligent authorship plus marketing efforts of her publishers could never have achieved. She has turned Ms Morrison's works on themes of black redemption into best-sellers.

There could hardly be more effective proof of her marketing prowess... and of her intrinsic value to causes she adopts and to her adopted home. Chicago can count itself fortunate that a relatively obscure talk show host found her way to its shores in 1984 and then built a show business empire.

Tony Walker

CONVENTION CENTER • by Tony Walker

## Eventful days for 4m visitors annually

The prize for Chicago is a share of a business worth \$82.8bn annually

In Chicago big is better, it seems, as far as the city's convention facilities are concerned.

With the opening of the 33-story 800-room Hyatt hotel in June, the city will have completed an ambitious extension programme which consolidates Chicago's McCormick Place's position as the largest convention centre in North America.

But there are challengers: Orlando, Florida, is expanding its exhibition space to nearly match that of Chicago's 2.2m square feet, and Atlanta, Georgia, is adding space to make its facilities more competitive for large events which have hitherto tended to be monopolised by Chicago.

The prize is a share of the US's lucrative convention and trade show business which was estimated in a 1994 study by the Washington-based Convention Liaison Council to be worth \$82.8bn annually. Chicago reckons that the convention business contributes about \$8bn to the city's economy each year.

John Devona, senior director market planning for the Metropolitan Pier and Exposition Authority, says conventions and tourism have

been critical to Chicago's efforts to transform itself from a "rust belt" town to a service centre. McCormick Place alone hosts more than 4m visitors annually.

Tourism is challenging manufacturing as Illinois' second largest industry behind agriculture. McCormick Place and Navy Pier on Lake Michigan help bring millions of visitors to Chicago each year.

But there are shadows over the convention business. A lingering industrial dispute is threatening McCormick Place's ability to compete for new business. Chicago's Chamber of Commerce has warned that failure to resolve demarcation issues between unions involved in setting up and operating conventions and trade shows risks Chicago's pre-eminent position.

"While the region's skilled workforce (and competitive wage rates) are strong selling points for McCormick Place, restrictive union work and jurisdiction rules are not only preventing many shows and conventions from considering Illinois but are also making many current clients think twice about returning here," the chamber said in a recent letter.

However, for the time being the convention business is brisk. McCormick Place has a relatively full book of events this year, including giant boat and automobile shows which occupy vast amounts of

space. That is something the convention facility does not lack.

When the latest extension was completed in 1996 at a cost of \$675m, McCormick Place had added 840,000 square feet of exhibition space to the existing more than 1m. That additional space is large enough to hold 30 747 aircraft or 10 baseball fields and occupies a 27-acre

site. The modern convention facilities, in sheer size and scope, almost certainly far exceed the dreams of Colonel Robert McCormick, the legendary former owner of the Chicago Tribune, who lent his name to the original exhibition hall which was destroyed by fire in 1967 after being completed in 1955.

Col McCormick would also

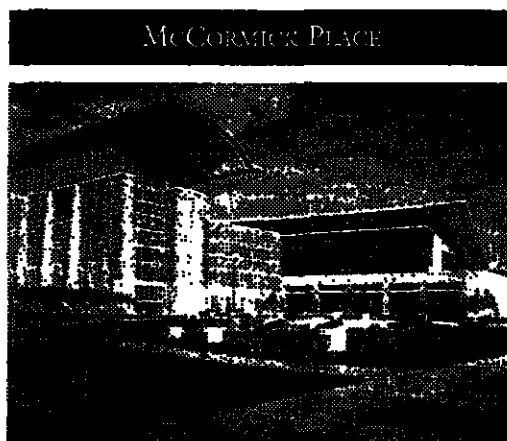
no doubt have been impressed by the refurbishment of Navy Pier which had fallen into disrepair but was restored as a tourist precinct at a cost of \$225. Reopened in 1995, it is now attracting 7m visitors annually and is, in Mr Devona's words, an "unqualified success".

Among new attractions planned at the pier, which

already includes restaurants, shops, a Ferris wheel and function rooms, is a Shakespeare theatre to be built at a cost of \$22m. "We don't want the pier to be simply a summer-time activity. We don't want it to be viewed just as a carnival," says Mr Devona.

"We want to attract year-round visitors to help the shops and restaurants."

## In Chicago, we go beyond the conventional.



McCormick Place, expanded in 1997, ensures Chicago's leadership position in the convention industry. Visit us at [www.mccormickplace.com](http://www.mccormickplace.com)



Navy Pier gets rave reviews as a unique downtown entertainment and exhibition venue. Visit the Pier at [www.navypier.com](http://www.navypier.com)

The Metropolitan Pier and Exposition Authority offers the resources to handle any size convention, trade show or meeting with ease.

The largest convention facility in North America, McCormick Place tops the list with 2.2 million square feet of exhibition space. It hosts more major U.S. trade shows and conventions than any other facility.

Chicago's historic lakefront landmark, Navy Pier, also offers flexible exhibition and meeting space, ideal for mid-size and smaller events.

So, if your company is considering expanding into new markets, be sure to consider the advantages of Chicago - America's trade show and convention capital. Whether you're an attendee or an exhibitor, our new facilities, ease of travel, cultural attractions, and superior drawing power make it an ideal destination.

Metropolitan Pier and Exposition Authority

Managing Chicago's McCormick Place and Navy Pier

PROPERTY • by Tony Walker

## Business district astir

There is increased activity in the office and residential markets

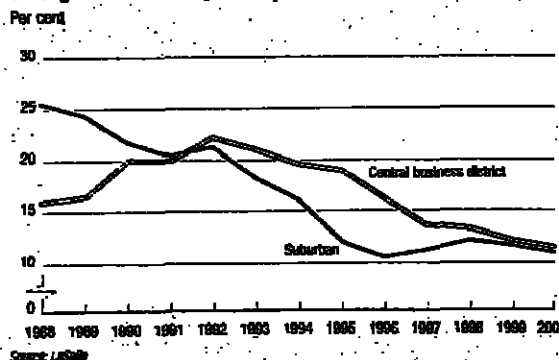
After years of lying relatively dormant, Chicago's central business district market is stirring with several new buildings in the planning stage and shrinking availability of top class rental space.

Mark Parrish, vice-president of La Salle Management Services, one of Chicago's larger rental agents, says the vacancy rate in class A buildings is the "lowest in 15 years" and rents in some cases are approaching those on Wall Street and lower Manhattan, although there is still a big gap between mid-town New York and Chicago's more expensive space.

"In general we are very optimistic about the future of downtown Chicago, but at the same time we recognise the market can only tolerate a limited increase in supply," says Mr Parrish.

Mr Parrish is somewhat sceptical, therefore, about Chicago's ability to absorb more than one of the five larger buildings under plan-

Chicago office vacancy



ning and perhaps one of two smaller projects. But on the other hand he believes the "fundamentals remain very strong".

He says that among Chicago's advantages are that it is one of a small number of "24-hour" cities in the US - that is it has an extensive commuter rail system in place, it is blessed with "tremendous" cultural amenities in its city centre, and residential accommodation is booming in and around the business district.

The vacancy rate in Class A rentals is down to 6.1 per cent and 15 per cent in Class B; squeezing the market at the top end, where rents

have risen to \$22-24 per square foot, is the lack of availability of larger space. There is no block of 100,000 square feet, or more.

Mr Parrish expects that over the next 18-24 months tenants who would normally take Class A space will move into Class B accommodation and upgrade. The market is already seeing a "trickle" of that happening.

The market's strength and the general buoyancy of the economy is also prompting companies to consider selling their buildings. Amoco, for example, has its property on the market and there have been other recent sales by high profile companies.

Jacques Gordon, director of research at La Salle, says that while Chicago is not immune to the ups and downs of the market, it is enjoying "stable, broad-based growth", and there is no reason to believe this will not continue.

"There is no one sector which can bring down the house of cards," he says. He notes that Chicago ranks in the top 10 among North American cities, according to a regional growth index model developed by La Salle research.

In line with increased activity in Chicago's office and residential markets has also come a lift in the tempo of hotel construction. Hyatt is opening a 800-room hotel at McCormick Place in June and several other hotel and serviced-apartment blocks are under construction.

All this is a far cry from the depressed early 1990s when Chicago's property bubble burst.

These recent painful memories are sufficient, for the moment, to calm speculative instincts, according to Michael Skzatulski, managing director of Mesrirow Financial, one of Chicago's larger developers.





## RECRUITMENT



ROBERT TAYLOR

## Fairness at work

The government wants to extend employee rights while preserving business efficiency

This week's long-awaited UK government "fairness at work" white paper represents the most comprehensive package of legislative measures to extend employee rights seen in the UK for more than a quarter of a century. The rather arcane discussion over recent months about the precise terms trade unions will require to win recognition in companies for bargaining purposes has received the most public attention, but this debate has given a misleading impression of the government's intentions.

Its primary aim is not to restore lost trade union power and privileges but to extend new legal rights to all employees in the name of social partnership without damaging business competitiveness or efficiency. As a result all UK companies will need to re-examine their employment and recruitment practices. Legislation based on the white paper can be expected in the next session of

parliament and most of it will come into force soon afterwards. Further regulation of the workplace can be expected. The UK will have a legally enforceable national minimum wage for the first time from next year, covering those employed in small as well as large and medium-sized companies.

**Substantial numbers of people no longer show up in official statistics**

European Union legal regulation can also be expected on working hours, the introduction of paid annual holidays, the protection of part-time employees, and an extension of information and consultation committees to all large UK-owned companies with business operations in two or more EU member states.

The cumulative impact of this plethora of employment regulation looks set to transform the workplace, making it much more sensitive to employee needs. But this does not mean a revival of the trade union-dominated corporatism of the 1960s and 1970s. On the contrary, the overriding argument we can expect to hear in support of these changes is that they are necessary to underpin the development of social partnership in the UK.

Between companies and their employees that will balance the need for flexibility with that for job security. In fact, most of what is being proposed in the UK would not raise much controversy in most other western European countries, where legal workplace regulation based on rights and responsibilities has a long history.

Much of what the government's white paper seeks to do is bring the UK more into line with common EU employment practice. This represents an acceleration in the convergence of the country's labour laws with those of

mainland Europe, which has been going on slowly for the past 20 years.

Many UK employers are not going to like this and they can be expected to voice their anxieties about the alleged cost burdens during the consultation period that lies ahead. However, they ought to be reassured by the government's insistence that the creation of a minimum framework of acceptable standards of behaviour in the workplace should benefit and not hinder business performance.

The establishment of more regulated workplaces is also designed to ensure employers give a higher priority to recruitment and retention. It is about the spread of best practice beyond the relatively small proportion of companies that already pursue employee-friendly policies.

It will be interesting to see just how government ministers are going to reconcile the proposed range of workplace reforms with their public enthusiasm for the country's so-called flexible labour market based on limited regulation, which they continue to contrast favourably with the allegedly over-restrictive continental European approach to employment creation.

In fact, there is plenty of evidence available that suggests the UK's labour market performance of low unemployment and high job creation is not as impressive

as the government likes to think when contrasted with that of much of mainland Europe. Recent research carried out by Monica Threlfall at Loughborough University draws attention to the UK's consistently poor record in adult male rates of unemployment over the past 13 years. Only Spain and Ireland have seen worse.

By contrast the UK is one of the few EU countries with a relatively low incidence of female unemployment, bettered only by Denmark. This is because of the high level of part-time work available in the UK, which women are much more likely to accept than men. Nearly half the UK's working women are in part-time employment with two-thirds of them working in jobs for less than 21 hours a week.

This suggests that the UK labour market (similar in this respect to that of the Netherlands) generates more flexible forms of employment that are much more attractive to women than to men.

"There are very few indications of a breed of new men preferring half-time work or job-sharing," argues Ms Threlfall. "Perhaps eventually fathers taking part in child care may perceive this as desirable as long as they are earning at least half a living wage and have a partner who can earn the other half."

There are also substantial numbers of people no longer showing up in official

unemployment statistics. The evidence suggests the UK has a much larger proportion of people who are excluded or excluded themselves from the labour market than most other EU countries. In 1996 in the UK, for instance, an estimated 13 per cent of the workforce was defined as "inactive" but wanting work. This was more than twice the EU member state average.

The level of employment inactivity is particularly striking among men in the UK aged 50 and over. As many as 28 per cent of them are economically inactive at the moment, compared with only 8 per cent of males aged 35 to 49.

Moreover, nearly half of those registered hardcore male unemployed (47 per cent) have not worked for more than 12 months, while as many as a third of them have not done so for more than two years.

UK policymakers may have to focus on helping to remedy the gender differences in the labour market and in particular how to respond to the troubles of male manual workers who can no longer find the kind of full-time, well-paid jobs they are accustomed to. The problem is that any gender-based employment strategy would fall foul of the anti-discrimination workplace practices that are now regarded as a necessary ingredient in "good" company recruitment programmes.



WORKING BRIEFS

### Workers beat stress at the office by relaxing with their computer

Today's office is a much more contented, informal and relaxed place than it used to be.

Staff accept work pressure and stress are greater, but believe they are more effectively and efficiently managed than in the past, according to a recent survey carried out by Pitman Training, the UK workplace training company.

They also like using high technology equipment in the office such as personal computers and e-mail, with two-thirds of employees saying they are happy with it.

As many as 90 per cent of those sampled said high technology equipment made their work more enjoyable and a third said they wanted better training to increase their job skills.

### Teamwork is a winner

Teamwork is growing in popularity in the organisation

of work in UK businesses and organisations, according to a survey published this week by the Industrial Society, the independent employment body.

In a survey of 723 employers across the UK it found 88 per cent of them saying there was more teamworking in their workplace than two or three years ago.

More than 80 per cent of employers said the increase was due to the devolution of responsibility within the workforce.

### EU top salaries converge

There are signs of a convergence in the level of salary increases among directors of companies across the European Union, according to the latest senior management pay survey carried out by Monks Partnership, the independent consultants.

Median rises in 1996-97 adjusted for inflation indicate a high 4.4 per cent improvement in Italy and 4.0 per cent in Sweden, with the lowest at 1.0 per cent in Norway and 2.0 per cent in Germany.

Five years ago the spread of salary growth was between 5.5 and 13 per cent.

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EUROPEAN MONETARY INSTITUTE

### VACANCIES IN THE EUROPEAN CENTRAL BANK

The European Monetary Institute (EMI), established in Frankfurt am Main in 1994 to prepare for the establishment of the future European Central Bank (ECB), is currently recruiting staff to fill vacancies in the legal services of the ECB. The legal services will be responsible for handling all legal issues within the ECB. This includes assistance in legal aspects of the regulatory, contractual and institutional framework of the European System of Central Banks (ESCB) and in addressing questions related to the interpretation of the Treaty establishing the European Community. The legal services will ensure the cooperation of the legal services of the national central banks and prepare the ECB's opinions when the ECB is consulted by Community institutions or by national authorities on draft legislation falling within its field of competence. The legal services also provide legal advice to the ECB management on administrative matters and may represent the ECB in Court.

Applications are invited for two positions as lawyer and a further two positions as junior lawyer. The positions will be offered on an indefinite contract basis, subject to a probationary period, and the ECB will have its own terms and conditions of employment, including a competitive salary structure, retirement plan, health insurance and relocation benefits. Candidates must be a national of a Member State of the European Union.

#### Positions and Qualifications

##### LAWYER

The position will include responsibilities with regard to the tasks described above and, in particular, the provision of legal assistance in matters related to banking law and EC law and the legal systems of Denmark, Finland, Greece and Spain.

##### Qualifications

- Law degree awarded by a University in one of the following countries - Denmark, Finland, Greece or Spain.
- Several years of professional and/or academic experience (at least five) in institutional Community Law and/or in the banking/central banking field.
- Very good command of English and proven drafting ability in English. Working knowledge of other European Union languages is desirable.
- PC word-processing skills.

Ref: ECB/GS/09/98FT

##### JUNIOR LAWYER

The position will include responsibilities with regard to the tasks described above under the supervision of senior lawyers and, in particular, the provision of legal assistance in matters related to banking law and EC law and the legal systems of Denmark, Finland, Greece and Spain.

##### Qualifications

- Law degree awarded by a University in one of the following countries - Denmark, Finland, Greece or Spain.
- Some years of professional and/or academic experience (at least two) in institutional Community Law and/or in the banking/central banking field.
- Very good command of English and proven drafting ability in English. Working knowledge of other European Union languages is desirable.
- PC word-processing skills.

Ref: ECB/GS/10/98FT

##### Start

July 1998.

##### Applications

Applications should include a Curriculum Vitae, copies of diplomas and of (published or unpublished) papers or notes prepared by candidates, references confirming the required experience and skills and a recent photograph. They should quote the appropriate reference number and should be addressed to the European Monetary Institute, Personnel and Office Services Division, Postfach 16 03 19, D-60066 Frankfurt am Main, and should reach us no later than 6th June 1998. Applications will be treated in the strictest confidence and will not be returned.

These vacancies are also published on Internet: <http://www.ecb.int> but applications should only be submitted on paper via surface mail.

# MORGAN STANLEY ASSET MANAGEMENT

## HEAD OF PRODUCT SERVICES

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Morgan Stanley Dean Witter is a global financial services firm employing 45,000 employees, located in 409 offices in 22 countries around the world. An opportunity has arisen within Asset Management Operations.

Morgan Stanley Asset Management currently runs its main Operations function for Europe out of London, supporting a range of global equity, fixed income and emerging markets products and their associated client base.

The successful candidate will be responsible for:

- managing the regional strategy for Product Services and aligning and co-ordinating this with the overall strategy for Global Operations
- participating in the creation and implementation of technology initiatives for the area

- co-ordinating custodian/Service Provider Management for European based products/funds, currently in Luxembourg, Netherlands, Germany and France
- overseeing operations for Luxembourg/Eurozone Funds.

The main functions within the area of responsibility are: fund manager support; cash management; due diligence; transaction processing; settlement; pricing; database management; establishing procedures and making available new markets for investment; fund distributor support.

The successful candidate is likely to have a proven track record managing a similar area. Knowledge of the mechanics of fund management, an understanding of global equity, fixed income and derivative instruments and their settlement practices and systems will also

be required. The candidates must be comfortable with leading edge technology and its implementation and preferably have some project management experience. Educated to a degree level, the successful candidate will be highly motivated and focused towards a challenging, goal orientated and dynamic environment. An MBA would be desirable.

Interested candidates should fax or send their Curriculum Vitae and covering letter to Penny Smith at Robert Walters Associates, 10 Bedford Street, London, WC2E 9HE. Tel: 0171 915 8785. Fax: 0171 915 8714.

Email: penny.smith@robertwalters.com Web: <http://www.robertwalters.com>  
You may also apply via [http://mpa.com/Robert\\_Walters](http://mpa.com/Robert_Walters) quoting reference RW98.



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## Corporate Finance Associate

### Financial Institutions

*Talented young professional required to develop their career in the leading specialist investment bank in the insurance and banking sectors.*

Our client is an integrated investment bank specialising exclusively in financial institutions. The firm's main revenue sources include secondary market brokerage, market making and proprietary trading, securities underwriting and primary capital distribution, corporate finance advice and specialised asset management.

The bank has an extensive client base amongst the leading financial corporations and largest institutional investors and its reputation has been built upon an acknowledged world leadership in insurance and banking research. Within its specialist niche, the bank has the resources and skills to match the largest investment banks. It has led many major capital offerings, is active in European privatisations and has a successful M&A advisory practice. The industrial revolution which is now sweeping through the financial services industry is generating worldwide consolidation and rationalisation, as well as new business opportunities, which can be expected to continue for many years to come. As a result, the bank has significantly expanded its corporate finance business in recent years and now seeks a further associate to support its growth.

Applicants will have an excellent academic track record from a premier university or business school, combined with up to three years' investment banking or industry experience, or be a qualified chartered accountant. Fluency in at least one other European language (preferably German) and exposure to/or interest in the banking and insurance sectors is advantageous. Candidates should have ambition, a commitment to hard work and a personable approach, combined with intellectual rigour. The firm is 100% employee owned and advancement is based purely on merit. The financial rewards are commensurate with the leading industry players, with the additional prospect of equity participation in this rapidly growing and profitable company.

For an initial discussion, please contact Paul Wilson or Arabella Pack on 0171 269 1867 or send a full curriculum vitae to Michael Page City, 50 Cannon Street, London EC4N 6JJ. Fax 0171 329 2986. Please quote reference 416998. e-mail paulwilson@michaelpage.com

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Friday June 5

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## Corporate Finance

### Benelux Focus

*An outstanding opportunity for a talented professional to join a leading player in an expanding market*

#### London

Our client is one of the world's leading, fully integrated investment banks. A global franchise, leading securities distribution and a pre-eminent research capability underlie their ability to handle the largest and most complex transactions.

A sector focused approach and global presence create the in-depth understanding required to anticipate the market, identify opportunities and devise appropriate and effective strategic solutions. The bank has thus developed an outstanding record in leading landmark transactions whether they are acquisitions, mergers or capital raisings.

Due to the increasing success of the Corporate Finance Department and the growth of activity in the Benelux region, there is now a need for an additional professional. Candidates must have a proven track record of success in developing business and delivering quality advice across a broad spectrum of corporate finance transactions.

Specialist knowledge of the Dutch market is preferable, combined with top class corporate finance professional skills.

The successful candidate will demonstrate the following:

- 4-7 years transactions experience in a respected financial institution.
- An entrepreneurial and proactive approach, combined with maturity and a high level of self motivation.
- Excellent academic background.
- Exposure to or an affinity for the region.
- Fluency in Dutch is a distinct advantage.

If you are interested in taking up the challenge, please telephone Annabel Haywood or Arabella Pack on 0171 269 1862 for an initial discussion. Alternatively, forward a copy of your CV to Michael Page City, 50 Cannon Street, London, EC4N 6JJ. Fax 0171 329 2986. Please quote ref 423553 or e-mail: annabelhaywood@michaelpage.com

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#### £ Excellent

## STANDARD & POOR'S

Standard & Poor's MMS, the market leader in the supply of independent real-time analysis to the global capital markets, has opportunities in its London and Frankfurt offices for experienced Eurobond Market Analysts and Financial Market Economists.

### EUROBOND MARKET ANALYSTS

The London based Eurobond Analysts will have strong market contacts, a thorough understanding of the broader credit markets and an ability to write authoritatively about parallel sectors including Swaps, Syndicated Loans and FRNs. Knowledge of quantitative analysis techniques will be beneficial. You must also demonstrate excellent verbal and written communication skills in a real-time environment and be a team player in this rapidly expanding market sector.

### ECONOMIST (LONDON)

### EMERGING EUROPE ANALYST (FRANKFURT)

The Financial Market Economist and Emerging Europe Analyst positions are part of our European Fixed Income and Emerging Markets Teams focusing on the French/Benelux and Central/Eastern European markets. A post-graduate degree and experience in economic and financial market analysis are key requirements for these positions, as is the ability to react quickly with authoritative analysis in response to market moving events. Additional languages are an advantage.

The above positions offer attractive salary and benefit packages, together with career opportunities in a dynamic and growing international organisation.

Please apply in writing, enclosing a detailed CV, to: Mercedes Llewellyn, Standard & Poor's MMS, 14 Ryder St, St. James's, London SW1Y 6Q8.

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## Customer Service Manager

#### London

£ 45-60,000 + Bonus + Bens

Do you want to use your customer focused, analytical business process skills to continue to develop our high customer services within our Treasury and Capital Markets? This newly created position requires you to work with Treasury Sales and Operations to identify our customers operational needs and by influencing your colleagues, deliver innovative solutions.

Other key aspects of the role:

- To define, agree and implement a quality operational service to T&CM internal and external clients.
- To work closely with both front office and operations department to set and implement new customer service levels.

This is an exciting opportunity for a high calibre individual.

- You have experience in process analysis and improvement in a financial environment.

- You are a highly motivated self-starter and of graduate calibre.
- You are proactive and possess excellent communication skills.
- You have strong interpersonal skills and are persuasive and resilient.

You enjoy a challenge and will receive a package commensurate with this high profile role.

The Royal Bank of Scotland Treasury and Capital Markets offers its customers a partnership approach to Treasury business with proven skills in innovation, flexibility, speed and experience. Do you want to play your part in achieving these challenging goals? Candidates should contact Toby Ramsdale at Michael Page City, 50 Cannon Street, London EC4N 6JJ. Telephone 0171 269 1906, fax 0171 329 2974. e-mail: tobyramsdale@michaelpage.com

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### ING BARINGS

## Emerging Markets Manager

#### City

#### £ excellent

ING Barings is part of ING Group, one of the leading international financial services groups based in Europe. ING Barings provides a full range of services in credit products, debt and equity capital markets, mergers and acquisitions and sales and trading of a wide range of financial instruments.

ING Barings has made a major commitment to Central and Eastern Europe including Russia, with a network of 14 offices and over 1,500 people in the region. The Emerging Markets Corporate Finance Department now needs to add a Manager to the existing team covering Russia and CIS.

Based in London, the role will include:

- Detailed financial analyses and modelling.
- Leading teams to research, prepare and write marketing pitches.
- Training junior members of the group.
- Managing transactions and helping to develop new relationships at a senior level within corporate and financial institutions.

The ideal candidate for this demanding role is likely to have had 3-4 years' relevant experience and may have gone through the graduate programme of a US investment bank or a leading European bank. In addition, the candidate must be able to demonstrate:

- Rigorous analytical capabilities, particularly in financial modelling.
- Understanding of the full range of investment banking products.
- Exceptional written, interpersonal and presentation skills.
- Entrepreneurialism and ambition.

This is a rare opportunity to work in an expanding Emerging Markets team where you will work closely with senior members of the group.

Please write in confidence, including a full CV and quoting reference RBR/2773.

Tel: 0171 499 8811  
e-mail: [ofco@odgers.com](mailto:ofco@odgers.com)

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## HEAD OF EQUITY TRADING

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#### THE COMPANY:

Our client is a leading international investment bank headquartered in London, which enjoys an outstanding reputation for both quality and results, and has made a significant impact on the newly formed capital markets in Russia where the Bank provides its customers with a complete range of integrated financial services. The Bank is fully committed to Central and Eastern Europe and, as a result of its further expansion in this region, offers a challenging opportunity in trading.

#### THE ROLE:

The successful candidate will be responsible for managing an equity trading desk and will be actively involved in defining investments and trading strategies for the Bank. He/she must have experience in trading international securities, particularly in emerging markets securities, and especially Russia. This person will have knowledge of global capital markets and a good understanding of market risks, risk management, and hedging techniques. The person will supervise trading of Russian securities in Moscow and lead the team of four additional equity traders. The candidate will have a very good understanding of the Russian stock market, at least five years of trading experience and excellent skills in business development and risk control. The ideal candidate will currently be a senior equity trader or head of an existing trading team and have a successful record of profitable trading. A financially based degree is highly desirable and business fluency in Russian and English and sound understanding of emerging markets is essential.

#### THE PERSON:

The requirement is for an experienced and self-motivated trader. The candidate will be entrepreneurial and have a team spirit attitude and dedication to work. High level of energy and enthusiasm is demanded, linked to a willingness to take initiatives and handle controlled risk in the most challenging Russian business environment. Remuneration will be competitive, commensurate with experience, and will be orientated towards results.

Please forward your full resume in the strictest confidence, quoting reference no. FT302-1 to:  
Antal International, Parus Business Centre, 23 1st Tverskaya-Yamskaya Ul., Moscow 125047  
Tel: 007 095 258 0465 Fax: 007 095 258 0470  
Antal International, 2nd Floor, 90 Tottenham Court Road, London W1P 0AN.  
Tel: +44 (0) 171 637 2001 Fax: +44 (0) 171 637 0949  
e-mail: cv@antal-int.com or visit our website on www.antal-int.com



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## European Financial Controller - Pension & Benefits

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With success dependent on the combined efforts of a talented workforce, the ongoing development of competitive pay and benefits policies continues to play a key part in attracting and retaining high-calibre individuals. The European Benefits Centre, based in Slough, is responsible for administering and controlling Mars pension schemes throughout Europe, as well as controlling the activities of investment advisers and managing the UK pension payroll. Reporting to the EBC's Director, this high-profile role will make a key contribution to the development of a pan-European benefits strategy, in addition to controlling the Division's financial activities and supporting the work of Benefits and Investments Managers.

You will need a good degree, a professional financial qualification, and around five years' post-qualification experience including an excellent record of financial achievement with blue-chip, best-practice organisations. This experience will ideally have included responsibility for corporate pension funds and benefits. Highly self-motivated with the ability to communicate at all levels in a genuinely multinational environment, you will also be an effective people-manager with well-developed systems skills.

The salary is backed by a valuable package of non-contributory benefits including assistance with relocation if appropriate. In addition, with the significance of the role certain to increase, the career potential is considerable.

If you are interested, please telephone our appointed consultant, Stuart Adamson FCA, on 0113 245 1212, or forward your comprehensive cv in confidence, quoting ref: 6030, to Adamson & Partners Limited, 10 Lichon Square, Leeds LS1 4LY. Fax: 0113 242 0802. Email: stuartadamson@adamson.com

Mars is committed to equal-opportunity employment practices.

## US Bank PRODUCT MANAGERS

£40,000-£60,000+ PLUS BONUS / LONDON

The Bank is one of the leading global providers of securities processing services to the market and a respected Trust and Investment Manager. The product management team is based in London, focusing on international markets. A clear and ambitious strategy for growth gives rise to these new positions being created to focus on European Securities Services and Master Custody.

#### THE POSITIONS

- Based on market and client requirements, create and implement new product initiatives. Work closely with Technology, Operations and other areas of Bank.
- Team aims to be "centre of excellence" in all areas and to continually enhance the range of services. Provide proactive support to Sales and Relationship Managers.

- Monitor trends and developments in marketplace and continually assess competing products.

#### QUALIFICATIONS

- High-calibre banking professionals with relevant product development experience across a broad range of securities processing services.
- Proactive, creative and strategic thinkers with strong analysis skills. Commercially astute with integrity and high standards.
- Understanding of services provided including some or all of the following: Investment Accounting, Performance Management, Risk Analysis, Cash Management, Foreign Exchange, Securities Lending.
- Candidates could come from other securities processing, chartered accounting, consultancy or investment management firms.

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Please send a full cv and current salary details, quoting ref: 980511, to Ann Temple,  
SHP Associates, Aldermay House,  
10-15 Queen Street, London EC4N 1TX.  
Tel: 0171 815 8888. Fax: 0171 815 8800.  
E-mail: shpa@shpa.co.uk

## International Banking Group PROGRAMME MANAGER

TO LEAD CRITICAL & STRATEGIC PROGRAMME OF CHANGE

£ TO SIX FIGURES / LONDON

Our client is a major force in international corporate, investment and retail banking. As the business community faces competitive challenges in the current dynamic marketplace, its corporate banking division plays a key part in building the wealth and prosperity of the corporate sector.

The management team of this significant division needs the skills of an exceptional full-time Programme Manager to focus on continuing the delivery and co-ordination of a high-profile and major transformation initiative.

#### THE POSITION

- Report to and advise the Head of The Programme. Deliver the streams of a massive transformation programme including co-ordination of elements across marketing, operations, sales and IT.
- Provisional role operating across banking divisions and the Group. Provide strategic input and advice to senior colleagues.

- Lead consulting teams, project managers and working parties across this multi-stream programme.
- Ensure thorough and workable planning, reporting, cost and risk management mechanisms are in place. Work to tight deadlines.

#### QUALIFICATIONS

- Exceptional programme and project management skills. Leadership on major initiatives such as EMU or significant infrastructure projects.
- Track record of success within a major blue chip or consulting organisation. Banking experience is desirable although not essential.
- Ability to command support in a highly pressured environment. Diplomatic, highly motivated and focused. Credibility and stature to win respect internally and externally.

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Please send a full cv and current salary details, quoting ref: 980508, to John Ellis,  
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Tel: 0171 815 8888. Fax: 0171 815 8800.  
E-mail: shpa@shpa.co.uk

## COMPANY SECRETARY

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KENT

#### THE POSITION

- Reports to Executive Chairman. Provides broad company secretarial service within a bi-national company.
- Participate in management of shareholder and capital issues. Make available prompt and accurate professional advice on secretarial matters.
- Execute ad hoc projects and corporate activities. Responsible for departmental budget.

#### THE QUALIFICATIONS

- Aged 30-40, qualified Chartered Secretary with public company and international experience.
- Technical excellence and self confidence. First class interpersonal and communication skills. Self starter.
- Strong French language capability, both oral and written.

Candidates should send details of career to date and current remuneration, quoting reference 4C1 to:  
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This high-profile, successful organisation is one of the best known names in business globally. The in-house research team uses the broadest range of economic and research techniques to provide information that is vital to the success of the firm. Continued expansion has led to the requirement for a senior manager and a number of research specialists focusing on the financial services industry.

#### THE POSITIONS

- Lead or play key role in building and developing a research capability for the financial services industry.
- Support every aspect of the firm's business by carrying out leading-edge research.

- Build strong relationships with senior management throughout the organisation. Sell benefits of high-quality research.

#### QUALIFICATIONS

- Between three and ten years' experience in a research/analyst role in a relevant industry or financial services research environment.
- First-class industry, business research and project management skills combined with in-depth knowledge of the financial services sector.
- Impressive academic record. Excellent oral and written communication skills. Highly numerate and analytical, dynamic and proactive.

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Tel: 0171 815 8888. Fax: 0171 815 8800.  
E-mail: shpa@shpa.co.uk

## Structured derivatives products sales

Italy/  
Germany

Société Générale is one of Europe's leading investment and commercial banks with an extensive international network. Due to the continuing expansion of our structured derivatives activity, we are seeking 2 individuals to sell derivatives products to corporate clients and develop new business in Germany or Italy. The applicants must have a comprehensive knowledge

of derivatives techniques, as well as a thorough understanding of the customer base, cultures and markets in Italy or Germany. Each position will be located in Milan or Frankfurt after a short period of time in the head office in Paris. A real fluency in Italian or German as well as English is required. With this profile and using your entrepreneurial skills, you will have the opportunity

to develop a rewarding business and succeed in a challenging environment. Please send a complete CV, with current remuneration details, quoting OM/SDS and specifying which position you are interested in to Société Générale, Odile MOHAN, Espace 21, 92972 Paris-La Défense, France. <http://www.socgen.com>

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Germany

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Major influential role at the centre of a major global bank in Germany, which is poised for a period of change as it refocuses on and grows its highly profitable market-leading core businesses. Support the CFO in delivering a robust yet responsive financial management and control service and work closely with the Board as it restructures and reorganises the business.

#### THE ROLE

- Member of the bank's Senior Management Team, reporting to the CFO. Responsible for several financial control functions, supported by a small high quality team.
- Act as a change agent within finance, maintaining strict financial control whilst evolving to become a business-facing service provider.
- Prepare business profitability analysis and work with operational colleagues to raise overall performance.

#### THE QUALIFICATIONS

- Commercially astute and technically able graduate accountant, aged mid 30s, with board level experience in a small to medium sized financial institution or one of the core CFO functions in a major financial institution.
- Excellent team leader with strong people development skills. A change agent comfortable in a dynamic, evolving and international environment. Has ideally several years of international experience.
- First-class communicator with maturity and confidence.

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**Selector Europe**  
Spencer Stuart

Please reply with full details to:  
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Schumannstrasse 69,  
50586 Frankfurt, Germany

Commerzbank AG is a leading international German bank. Our banking business is growing rapidly and we are an active participant in global financial markets.

## SENIOR CREDIT ANALYST FINANCIAL INSTITUTIONS

We have an established Risk Management team which is independent of the product groups. This senior position reports to the Head of Risk Management. The team is responsible for the credit analysis and assessment of transaction risk and the monitoring of exposure relating to business produced by our Financial Institutions team and Treasury, together with all FI credit business for Capital Markets and Global Equities. The emphasis is on Treasury products, interest rate and credit derivatives.

This is a front line position and in addition to credit training from a leading bank and 5-6 years' well-rounded high quality credit analysis experience, we need active experience of Treasury or FI marketing and a knowledge of front office IT systems.

For the right candidate an attractive remuneration package will be negotiable. Please send applications, in strict confidence, with full career and salary details and quoting reference SCA7378/FT to our consultants: CJA, 2 London Wall Buildings, London Wall, London EC2M 5PP, fax 0171 256 8501, or telephone 0171 638 0680 for an initial discussion. Applications sent to Commerzbank will be forwarded to CJA.

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Our client, the specialist multi-manager subsidiary of a large European bank, seeks to recruit an experienced fund manager to join its small team. You will take responsibility for managing existing and new private client portfolios and contribute to the fund selection and asset allocation processes. You will also assist in making presentations to potential clients and in marketing to financial intermediaries.

You will have a good degree and several years' experience managing private client portfolios on a discretionary basis. You must possess excellent communication skills and be able to establish a high level of credibility with clients and intermediaries.

This is an exceptional opportunity to develop your career in an entrepreneurial and leading edge environment. A competitive salary package, with full banking benefits, is offered together with the potential to earn substantial bonuses.

Please apply in writing, together with a current curriculum vitae, to Elizabeth Williamson at Shepherd Little & Associates Ltd.

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London EC4N 8AD  
Fax 0171-626 9400 email@shepherd-little.co.uk Telephone 0171-626 1161  
Financial Recruitment Consultants

SHEPHERD LITTLE

FINANCIAL SERVICES AUTHORITY

## Banking Supervisor (Associate) Banks Division

The Financial Services Authority (FSA) will be the new integrated regulatory authority for the UK financial services industry. The FSA's scope will ultimately extend to banking, securities and investments, building societies, insurance, friendly societies and credit unions.

Moving to its new headquarters in Canary Wharf later this year, the FSA aims to provide effective risk based supervision to meet the challenge of an expanding banking and financial sector.

We are seeking to recruit a banking supervisor with several years' experience in the financial sector, which may have been gained in another financial supervisory authority (whether in the UK or abroad). The vacancy exists on one of the East Asia Groups within the Emerging Markets Department of the Banks and Building Societies Division.

The main responsibility of the post is the supervision of Chinese and other East Asian banks operating in the UK, to ensure they meet the criteria set out in the Banking Act 1987.

The person appointed will also be expected to build and sustain productive working relationships with the banks' home supervisors and Head Offices. This is a senior role with some managerial and administrative responsibilities.

As well as a good first degree (at least a 2.1) and preferably a Master's Degree in Finance, Business Administration or a related discipline, the successful candidate will need an effective command of Mandarin and preferably one other East Asian language or dialect (excluding Japanese).

Opportunities for the right person to develop their career within the FSA are extensive. The FSA offers salaries, benefit packages and career prospects which fully reflect the experience and skills required for the job.

Please send your CV and details of your current package, quoting Ref: BS/CT, to Gill Payne, HR Division, FSA, 25 North Colonnade, Canary Wharf, London E14 5HS. Closing date: 8th June 1998.

FSA

STANDARD  
& POOR'S

## UKRAINIAN BANK ANALYST

Standard & Poor's is the world's leading international ratings services firm. As a result of exceptional demand for our rating services in the emerging economies of Central and Eastern Europe, we are seeking a Ukrainian Bank Analyst, to join our emerging market bank analyst team to focus on Ukrainian banks.

The position involves in-depth analysis of banks and research into Ukrainian and CIS financial systems. Analyst responsibilities include establishing relationships and conducting meetings with senior management of banks and regulators; and the presentation of analysis for internal ratings purposes and for external publication. The position is London-based but involves extensive travel throughout emerging Europe with the possibility of relocation to the Ukraine or Russia at some point in the future.

You are likely to have an analytical background; hold a degree in banking and finance, ideally to an MBA level and have several years experience in analysis, either working for a financial institution or a regulatory body. Independent and coherent thinking, combined with strong computer skills and communication abilities are essential. A high level of fluency in Ukrainian and Russian is a prerequisite, including the ability to read and write on technical and financial subjects, and hold business discussions in local languages.

In return, we offer a competitive compensation package combined with a stimulating working environment.

Please write, enclosing a full CV, to: Paul Jenkinson, Human Resources Department, McGraw-Hill International (UK) Ltd, McGraw-Hill House, Shoppenhangers Road, Maidenhead, Berkshire SL6 2QL.

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## THE EUROPEAN PATENT OFFICE (EPO)

In the Financial Times of 17th April, the EPO invited applications for the post of Principal Director (Patent Information) in Vienna (ref. no. EPT/795).

Please note that the closing date for applications has been extended until 8 June 1998.

International Futures Trading Company requires an experienced and qualified trader to perform market-making duties and to operate in related markets. Based in London, a successful candidate must possess minimum of four years experience of derivatives spread trading, be degree qualified, and have excellent knowledge of international markets. Knowledge of risk management is essential. Mark Murray, c/o Westminster Clearing Ltd., 4 St. Dunstons Hill, London EC3R 8HL.

## International Management Consultancy

Central London

LAI International is the new UK subsidiary of one of the world's leading Executive Search and Human Capital Consulting firms. We are creating a global research capability to provide clients with state-of-the-art market and sector intelligence, and to support strategic human resource advisory work and executive search assignments.

As a result, exceptional career opportunities now exist for talented individuals capable of helping to grow the business.

## Financial Services Analysts/Consultants

Excellent Salary

+ Bonus, Profit Sharing and Benefits

To work as leaders of small closely-knit teams which will conduct continuous research in various sectors of the financial services industry and provide detailed market reports, briefing papers and other analyses. This activity will be used to identify, approach and attract potential candidates to fulfil searches for our clients.

Candidates will be graduates in their mid 20s or over. Prior analytical experience is not essential, as exposure to financial services work may suffice. We are also interested in receiving applications from individuals currently working in financial information services and journalism.

In addition we invite applications from younger or less experienced individuals to report to the Analyst/Consultants in fulfilling these tasks.

Please write with full CV and telephone numbers to:

LAI International, 42 Berkeley Square, London W1X 5DB

Price Waterhouse

## Securities Analyst

Capitalise upon your knowledge of the French markets and be in the vanguard of a European investment revolution

Brussels

A brand new European concept  
This company is a global real estate investment firm with strategic investments capitalised in excess of \$19 billion. Within Europe they are the market leader in their field with investment philosophies which are set to revolutionise the European property market.

Just three years ago...  
...the group's European operations did not exist. They now command a market capitalisation of over \$2 billion and counting and are the prime movers in a vast, lucrative and largely untapped developmental field. A major part of their success is attributable to the internal investment they have made in proprietary research and analysis.

Become part of this investment...  
...by joining the team which provides leading edge analysis of public real estate companies. Initially the focus will be in the French market with the remit then broadening to cover Central and Southern Europe. Your role will be pivotal to the decision making process and will focus upon an analysis of specific target companies, based upon a rigorous analytical approach and extensive field work exercises. All this is backed up by macro economic and sector specific research which will help underpin your recommendations.

Your profile  
You are a fluent French speaker and high calibre graduate, preferably with additional languages and a first rate MBA, possibly with finance related qualifications. You will have a bare minimum of two years securities analysis experience, some of which will have focused upon the real estate market. You will be well versed in the design of sophisticated computerised models and have a good understanding of discounted cash flow techniques. Your track record will show you to be a successful, analytical, results driven and commercial team player.

Take the lead...  
...by calling us to find out more about a company which is ahead of the rest. Call either David Hunter on 0171 939 3661 or Gavin Burgess on 0113 288 2108, or write to them, quoting reference L/1894/FT, at:

Executive Search & Selection  
Price Waterhouse  
Southwark Towers  
32 London Bridge Street  
London SE1 9SY  
Fax: 0171 378 0647  
E-mail: David.Hunter@Europe.notes.pw.com

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Karl Loynton on +44 0171 873 3694

## ASSOCIATES: DEBT CAPITAL MARKETS

LONDON £ EXCELLENT

We have been retained by one of the world's leading financial institutions with a global presence in over 45 countries. As part of their strategic expansion plans, they are seeking a number of additional associates to join their market leading Debt Capital Markets Group.

THE ROLE IS...

Working within the Debt Capital Markets Group in London, the successful candidates will provide research and support to the Group's senior executives working on a broad range of debt funding and derivative proposals. They will work closely with them on all aspects of the Group's activities, particularly cross-border transactions. Eventually, successful candidates will be placed in an Origination role within the group.

YOU WILL BE...

Ideally, candidates will have around two years' Capital Markets experience. They will be familiar with the debt origination process and possess a developed

understanding of fixed income, bank capital and derivative products. They will be both quantitative and client orientated. The ability to build and develop both external and internal relationships at all levels is essential.

It is likely they will have graduated from a recognised European or US university preferably in a quantitative related discipline. A second European language in addition to fluent English is preferable with fluency in Italian, Portuguese, Greek, French or a Scandinavian language a distinct advantage. Creativity, initiative and entrepreneurial flair are essential.

This is an outstanding career opportunity for young bankers currently working within recognised financial institutions who are seeking substantial and virtually unlimited career opportunities.

For an initial confidential discussion please contact: Charles Hamill-Stewart or Richard Lewis at Alexander Mann Group. Alternatively, you may write to them at the address below or Email: Markers@alexmann.com

ALEXANDER MANN

Group

Tel: 0171 242 9000

9-11 FULWOOD PLACE, LONDON WC1V 6HG

Fax: 0171 405 6434

Applications



## SENIOR ANALYST

Capital Intelligence is the world's leading international credit rating agency for emerging markets. Due to an expansion of our activities we are seeking an analyst with experience in the analysis of sovereign governments and debt ratings.

The candidate will be responsible for undertaking the sovereign analysis and ratings of a broad range of emerging markets, and the analysis of debt ratings for financial institutions within some of those markets.

Suitable candidates will be personable, focused and energetic, capable of working both independently and in a small, dynamic team driven environment. Possession of an advanced university degree in economics and/or finance, and extensive experience of credit risk analysis in a leading institution, bank, rating agency, government or international agency is required. Fluency in written and spoken English is essential, while fluency in other languages would be advantageous. Knowledge of emerging markets in the Middle East, Asia or Central/Eastern Europe would be an advantage.

Please send your full CV to:  
The General Manager - ref. SA4-98, Capital Intelligence, PO Box 3585, CY-3303 Limassol, Cyprus



## Middle Office Operations Manager

City Salary package c.£45,000 + benefits

Our Client is a well established medium sized investment and securities firm with a strong private client base and rapidly expanding institutional business.

In order to support the firm's growth, the firm is restructuring its Operations team and has identified the need for a middle office Manager.

Reporting directly to the Head of Operations and playing an integral role on the Management Operations and Executive Liaison Committees, he/she will focus on managing and developing four small teams. The teams are currently responsible for Database Management, Private Client Reporting, Fee production, PEPs and the integration and development of the institutional system.

Candidates must have a minimum of four years hands on operations experience within the industry and have an innovative and creative approach to IT problems. Proven project management and delegation skills are essential.

Strong negotiating and written expertise plus a good working knowledge of current investment management, compliance and tax issues will be of prime importance, for this challenging role, which will provide a major liaison point between the Executives and the Operations team.

Interested candidates, ideally aged between 28 and 35, should send or fax CVs to:  
Carol Jardine, Jardine Kelso, 53 Shepherd's Hill, London N6 5QP stating current salary and quoting reference number JK/0074, Fax 0181 341 4463

JARDINE KELSO

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be valued.

### Outstanding Opportunities in Central & Eastern Europe, Russia and CIS

The emerging markets of Central & Eastern Europe, Russia and CIS represent the most interesting professional challenge for decades and one of our fastest areas of growth.

We, as one of the world's leading business advisory firms, are increasing our involvement in this region and have exciting opportunities for individuals across a wide range of disciplines, in particular:

**Andit professionals:** at all levels and with diverse backgrounds, particularly in banking, insurance, oil, gas and energy.

**Tax managers and seniors:** specialising in tax planning, compliance and litigation.

Our practices in Russia and CIS are particularly interested in hearing from management consultants with experience in information technology and business reorganisation. Our Corporate Finance practice is looking for staff at all levels with experience in pre-investment search and analysis and due diligence exercises.

A working knowledge of one of the relevant languages and/or German is desirable, but not essential. A flexible and practical outlook is fundamental. The initial contracts will be for a period of 2-3 years.

We offer an attractive remuneration and benefits package, coupled with the opportunity to play an integral role in the development of our practices whilst evolving both personally and professionally.

Interested candidates should send full details in confidence to the initial point of contact: Lucy Elkins, KPMG European Headquarters, 54 Avenue Louise, 1050 Brussels, Belgium. Fax: +32 2 513 96 31. E-mail: LucyE@KPMG.be

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### MANAGEMENT TRAINEE

High profile and dynamic private company seeks an individual aged 24-30, to be trained by Senior Manager with a view to replacing him. This is a time for a career with responsibility and earnings commensurate with that position. Contact: TORBAN WILLIAMS 0171 876 7789

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Asia, Central and Eastern Europe

Package c£150,000 plus benefits London based - West End

Structured Finance Group is part of the Specialised Financing arm of GE Capital, one of the largest and most diversified financial services companies in the world. GE Capital is in itself a division of General Electric, one of the most high-performing enterprises in the world with global manufacturing, technology and service operations.

Structured Finance Group in London continues its rapid growth in commitment of funds, from \$300 million in 1997, and moving to \$1 billion by the Millennium. We are building business in most of the international industry sectors.

Our expansion now requires the addition of a new team member as a senior deal maker to originate and structure cross border corporate and project finance transactions in Western and Eastern Europe.

As the appointed candidate you will have a successful track record in closing major corporate and project finance deals, originating and structuring the deal as the deal leader and multiple European languages. Experience in Asia, so that we can cross-sell in co-ordination with other international offices, would be an advantage.

The total compensation for this position will be in excess of £150,000 plus a superior benefits package.

Please write to our advising consultants at the address below enclosing a copy of your CV and current salary details, quoting ref:7388/FT. CJA, 2 London Wall Buildings, London EC2M 5PP. Tel: 44 171 588 5588 Fax: 44 171 256 8501 E-mail: cja@group@online.rednet.co.uk

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Financial Times

## CORPORATE FINANCE

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The opportunities exist at either Executive or Manager level within industry specialist or transaction teams. Predominantly the roles will have an international focus, however several openings concentrate on the UK domestic market with either a pure M&A content or more general corporate finance product range.

Candidates will be graduates with a numeric or business orientated degree together with a proven track record of academic achievement. The roles will require varying degrees of corporate finance experience depending on the level of entry. Executive level candidates with ACA 1st time passes or post graduate education from one of the top business schools and relevant internship exposure will also be considered. Excellent interpersonal skills together with creativity and cross cultural adaptability are essential criteria.

For further information and a confidential discussion please contact David Goodrich or Julian Davey.

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It's typical of the way we've responded to the needs of top-tier global businesses with powerful, sophisticated products that help us deliver solutions instead of just providing services.

As a senior specialist in US or international tax, working with products such as these and in a culture such as ours will make a big difference to your

effectiveness, and therefore to the satisfaction you derive from your work. With each 6-12 month assignment you will be visibly adding value and saving clients money.

Moving to Price Waterhouse will do much, much more for you and your career than putting powerful products into your hands. In fact, it will enable you to reconcile two apparent opposites - to go deeper into your chosen tax specialism, while enjoying increasing interaction with project groups working on a broader range of business solutions in which tax saving will be an important component. Your colleagues could include consulting and supply chain specialists. With them, you'd address the multi-dimensional business problems that only confront the largest international companies and that would be beyond the reach of many practices.

Tax is increasingly an issue globally: you'll be with the practice that operates not just through a long list of offices but through a fully integrated global network around which ideas flow and people move. You'll also be joining the practice that's smart enough to know it doesn't know it all, but that's committed to the concept and practice of career-long learning. At this stage of your career, you'll probably have some very specific financial and lifestyle goals. In which case, our highly flexible approach to benefits will give you the best chance yet of meeting them.

Send your CV, quoting Ref.no. N8104, to: Nigel Barker, Recruitment Manager, Price Waterhouse, 32 London Bridge Street, London SE1 9SY. Fax: 0171 939 3131. E-mail: Nigel\_Barker@Europe.notes.pw.com

Price Waterhouse



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For further information please call: Karl Loynton on +44 0171 873 3694

**CANTERBURY CHRIST CHURCH COLLEGE**

**FINANCE**

**DIRECTOR OF FINANCE**

Not less than £35k per annum  
Ref: DOF/FN/33

Canterbury Christ Church College is a large successful Higher Education Institution which has grown rapidly over the past five years and now has over 10,000 students.

As Director of Finance you will be responsible for the administration of the College's finances, turnover £35m. You will need a recognised accountancy qualification, and extensive experience of financial administration at a senior level in a large organisation. You should have the ability to lead the Finance Office during a period of change, good communication skills and a willingness to exercise initiative and judgement.

Closing date: 1 June 1998.

Interviews from mid June 1998.

Salary dependent on experience and qualifications.

Application form and further details from Personnel, Canterbury Christ Church College, North Holmes Road, Canterbury, Kent, CT1 1QU, Tel (01227) 782475 (answerphone service), quoting the reference number, E-mail: personnel@canterbury.ac.uk

No agencies.

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# GlaxoWellcome

## Financial Analysts

MIDDLESEX • c£40,000 PACKAGE

Glaxo Wellcome is a leading research-based pharmaceutical company, at the forefront of innovation within the industry. Our company is committed to fighting disease by bringing innovative medicines and services to patients throughout the world.

With worldwide sales of £8 billion, the Group supplies over 150 markets and employs 54,000 people in 76 operating companies. We aim to maintain our position as a premier healthcare company by sustained long-term investment in science and technology and by the employment and continuous development of people of the highest calibre.

Following recent internal moves, we are looking to recruit three financial analysts into the Group Management Reporting team, based at our Group Headquarters in Greenford.

Your responsibilities will include:

- Group monthly, budget and forecast analysis and reporting to the Board and senior management.

- Operation of and ongoing improvement to Group management information and consolidation systems.
- Ad-hoc business performance review and analysis.

The successful candidates will be ambitious qualified accountants of graduate calibre, with up to three years post qualified experience. You will also have the desire to develop a rewarding career with a dynamic blue-chip environment. In return, we will offer you an attractive remuneration package and unparalleled career development.

Interested applicants should forward an up-to-date curriculum vitae including current remuneration and daytime contact number quoting reference 495568 to Keith Mackenzie at Michael Page Finance, Europa House, Church Street, Old Islington, Middlesex TW7 6DA or fax on 0181 847 5703 or e-mail: keithmackenzie@michaelpage.com.

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## Group Accounting Manager

Warwickshire to £55,000 + Car + Bens + Relocation

Our client is a FTSE 200 group of companies with a turnover in excess of £1 billion and a reputation for excellence in the production and the supply of a wide range of industrial products on an international basis. The company has widely recognised brand names and a consistent record of growth both organically and by acquisition.

Due to continued expansion, the group now wishes to appoint a Group Accounting Manager to improve the quality of information supplied to the Group Board of Directors and to assist in the development of a group culture which supports the achievement of group strategy.

The successful candidate will have primary responsibility for group reporting, including the setting of key performance measures and the development and monitoring of key profit improvement initiatives around the group. Furthermore, the continuous improvement of the control environment will be another important aspect of the role as will

responsibility for the internal audit of the group's UK operations. The job will also include involvement in key investment decisions facing the group and acquisitions along with other ad-hoc projects. There will also be responsibility for improvement of cash management throughout the group.

The successful candidate is likely to be a young, ambitious qualified accountant aged up to 36 years with relevant experience gained in commerce/industry or the profession. This role is seen as an excellent opportunity to join the group and progression is anticipated in the medium term to more senior positions within finance or general management in the UK or internationally.

Interested candidates should apply in writing enclosing a curriculum vitae and covering letter to Andrew Jones at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD or e-mail: mpr.birmingham@michaelpage.com

Quoting reference 412404. Fax 0121 625 3378.

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## Commercial Controller

Middlesex

£50-55,000 + Car + Bonus + Bens

HJ Heinz is one of the largest and most prestigious FMCG companies in the world. Operating in 200 countries worldwide, their product range extends from Foodservice, Ketchup, Tuna, Infant Feeding, Weight Control to Petfood and turnover for 1997 exceeded US \$9 billion. The European grocery business has undergone a restructuring process that has resulted in the formation of six business units. Consequently a need for a Commercial Controller has arisen within the European Seafood Division.

Reporting to the Deputy Managing Director and with overall financial responsibility for a diverse multinational US\$450 million business, key duties will include:

- Provision of commercial support and financial control to all functions within the new division.
- Operating as finance representative within the European management team.
- Development and review of major divisional KPIs.

- Provision of financial support to sales and marketing, including product and customer profitability and new business development.
- Management of finance functions and foreign currency exposure throughout the European group.
- Critical involvement in day-to-day operations.

The successful candidate will be a qualified accountant of graduate calibre, with at least five years post qualified experience, ideally gained in a FMCG or dynamic company background. You will have the ability to make intelligent and logical commercial decisions allied to a confident and decisive style. In return, HJ Heinz offers exceptional career opportunities and an attractive remuneration package. You must also be prepared to travel within Europe and Africa.

Interested applicants should forward a CV, quoting ref 422129 to Peter Istead at Michael Page Finance, Europa House, Church Street, Middlesex TW7 6DA. Fax 0181 847 5703 e-mail: peteristead@michaelpage.com

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## Financial Controller

(Number 1 position)

Watford

c £50,000 + FX Car + Bonus

Our client is the world's leading supplier of high performance analytical equipment to blue-chip pharmaceutical companies, industrial organisations and academic institutes.

A \$25 million turnover independent subsidiary of a \$450 million Fortune 500 group, the company has an enviable reputation for providing innovative solutions through sophisticated, high value analytical systems.

A need has now arisen to appoint a high profile finance professional who will have a critical impact on the future growth of the business. The successful individual must have an interactive style and be comfortable in a fast changing dynamic environment interfacing with sales, service and finance.

Reporting to the General Manager responsibilities include:

- Full financial and commercial support to the UK business including distribution and customer services.

- Proactive development of relationships with suppliers and clients.
- Balance sheet management and financial reporting to European headquarters.
- Proactive development and implementation of financial and IT systems and processes.

The successful candidate is likely to be a qualified accountant or MBA who can demonstrate a strong commercial and operational track record in a medium to large company. Candidates who have worked in a technical product environment and/or a US multinational company will be of particular interest.

Interested applicants should forward a comprehensive CV, including full details of current remuneration, quoting reference 423738 to Joe McShane or Nicola Blinning at Michael Page Finance, Centurion House, 136-142 London Road, St Albans, Hertfordshire AL1 1SA or e-mail: joemcshane@michaelpage.com

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**Kleinwort Benson**  
PRIVATE BANK

Kleinwort Benson Private Bank is a Division of Kleinwort Benson Investment Management Limited  
Registered in England Number 205426  
Registered Office 15 Broad Street, London EC2M 3JL  
Member of the Dresdner Bank Group

Kleinwort Benson Private Bank is a member of the Dresdner Bank Group and offers a diverse range of financial services to private individuals including banking, portfolio management, financial planning and tax advice.

A position as Head of Personal Tax has arisen within the advisory services division. As part of the advisory team, key responsibilities of the role will involve managing the personal tax department and taking responsibility for the development, growth and profitability of that service. Specifically this will involve:

- As part of the advisory team, participating in the strategic development of the business.
- Managing the activities of the personal tax department.
- Developing and growing the personal tax business from the existing client base of the London Private Bank.

## Head of Personal Tax

London

£ Excellent Package

The successful candidate will be a qualified accountant or ATII, aged 30-40 years with extensive experience of advising on personal tax issues. It is possible you are currently working as a senior manager or principal in a large accountancy firm or in a similar position in another financial services organisation.

If you are interested in the above opportunity, please contact Donald McFarlane CA on 0171 269 2246 or send your CV to Michael Page Taxation, Page House, 39-41 Parker Street, London WC2B 5UN. Alternatively, send by fax on 0171 831 6682 or e-mail: donaldmcfarlane@michaelpage.com

Any applications made directly to Kleinwort Benson Private Bank will be forwarded to Michael Page Taxation.

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## European Credit Manager

Emerging Markets

Thames Valley

c £40,000 Package

Our client is the European division of one of the world's leading hi-tech organisations. Headquartered in the USA, the group sells its products and services in more than 140 countries worldwide.

Fortune 500 listed, the company has achieved unparalleled growth and this is set to continue through 1998 with revenues in excess of \$12 billion.

Development within the emerging markets of Europe, Middle East and Africa has created an opportunity for a Credit Manager who has expert knowledge of these territories and the risks associated with credit financing deals in unstable economic markets.

Reporting to the Financial Controller, this newly created position will have the following responsibilities:

- Strong liaison with internal sales teams and external clients to ensure maximum profits with minimum credit risks.

- Advise on the commercial evaluation of bids and contract negotiation, highlighting and controlling risks associated with export credit financing.
- Collection activities including the resolution of customer issues which will involve close liaison with sales and operations functions.
- Financial analysis of balance sheet, cashflow and country issues using key risk indicators.
- Credit financing in unstable economic markets.
- Managing and developing a team of four.

Likely candidates aged 40 will have a proven track record in European credit management, with particular emphasis on export finance.

Interested candidates should forward their CV to Claire Wayte at Michael Page Finance, 33 Blagrove Street, Reading, Berkshire RG1 1PW. Fax 01189 561 657. Reference 423549. e-mail: clairewayte@michaelpage.com

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## Commercial Accountant

Merseyside

To £35,000 + Car + Bonus

Evans Medical is an expanding and ambitious subsidiary of a multinational plc. It is approaching £100 million turnover and is a market leader in its specialist field within the UK. The company manufactures, markets and sells specialist pharmaceutical products throughout the world and backed by continuous extensive product development together with acquisitions of existing market brands, is in an excellent position to secure substantial growth in the European market.

Reporting to the Finance Director, the Commercial Accountant will be responsible for developing the commerciality of a newly re-organised accounting function. The role is focused on providing effective support to commercial decision making for the UK business. Furthermore the successful candidate will be responsible for identifying, monitoring and communicating key performance indicators and working extensively with sales and marketing.

- Key tasks will include:
- Performance Measurement
  - Value Analysis
  - Cost Reduction Programs
  - Business Analysis
  - Business Plans and Budgets
  - Pricing Decisions

The successful candidate will be a qualified accountant with a highly commercial background. They will need to demonstrate a proven track record in both influencing and maximising business opportunities. The ideal candidate will be confident, an excellent communicator and influencer and adopt a proactive attitude.

Candidates interested in this challenging yet creative role should send their CV to Martin Henratty at Michael Page Finance, Clarendon House, 81 Mosley Street, Manchester M2 3LQ. Please quote ref 423260. Alternatively, telephone 0161 228 0396 or e-mail: martinhenratty@michaelpage.com

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CREDIT SUISSE FIRST BOSTON

## EXCEPTIONAL PERFORMANCE DEMANDS OUTSTANDING TALENT

Corporate Finance/M&A — London — Competitive package inc. bonus

Credit Suisse First Boston is a leading global investment banking firm, providing comprehensive financial advisory, capital raising, sales and trading and financial products for users and suppliers of capital around the world. It operates in over 50 offices across more than 30 countries and six continents and has over 12,000 employees.

Credit Suisse First Boston is one of the world's largest securities firms in terms of financial resources, with approximately \$7.1 billion in revenues in 1997 and \$7.3 billion in equity and \$310 billion in assets as of December 31st 1997.

The Bank's Corporate and Investment Banking Division (CIBD) has consistently been ranked in the top tier of investment houses worldwide over the past decade. In the past year the Division has advised on nearly 300 transactions worth a total of more than \$275 billion, generating over 60 "Deal of the Year" awards from major financial publications.

This exceptional level of performance demands outstanding talent within the team - we are looking for individuals with the drive and skills to originate and execute structured deals across the UK, Europe and Eastern Europe. Advising clients on a wide range of corporate finance transactions, including M&A,

divestitures and privatisations, the Division's non-hierarchical, un-bureaucratic style encourages entrepreneurial flair and creativity.

Working in an international culture, this high-profile department requires risk-takers who are able to take rapid responsibility and accelerate their career development in a challenging but rewarding environment.

A premier training ground for the Bank's high-fliers, CIBD seeks to recruit individuals covering a range of sectors including media and telecoms, utilities and financial institution, at two levels:

- **Corporate Finance or M&A professionals with up to three years' experience in a major bank, keen to join a world-leader and take on greater challenge and responsibility;**
- **Ambitious, high-potential individuals, either ACAs from public practice or MBAs from a major business school, who need not have any corporate finance experience but who have the confidence and ambition to develop their career in a fast-paced entrepreneurial environment.**

The pace and calibre of the Division's work demands a combination of intellectual and analytical ability: all candidates must be able to demonstrate an excellent track record of educational and career achievement combined with superb presentation skills. Knowledge of a second European language would be an advantage.

Credit Suisse First Boston recognises and rewards exceptional talent, offering global career prospects and an excellent salary and benefits package, including a substantial performance-related bonus and a full range of benefits.

Interested applicants should fax or send their CV, giving details of current salary package, to our retained consultants, Alderwick Consulting Ltd, 95 Peter Lane, London EC4A 1EP. Fax (+44) 17 242 3560 quoting ref: 275. For more information, call us on (+44) 171 242 9191 (weekdays) or (+44) 856 547744 (evenings and weekends).

Any CV sent direct to Credit Suisse First Boston will be forwarded to Alderwick Consulting Ltd.

## financial processes re-design

PROJECT LEADERS, PROCESS SPECIALISTS & PROJECT CO-ORDINATORS

UK & across Europe  
Two year project based contract - Excellent packages

Please send your CV with current salary details to: Linda Meier, K/F Selection, 252 Regent Street, London W1R 6HL, quoting the appropriate reference. Alternatively send by fax on 0171 312 3380 or by e-mail to [kfs-london@kornferry.com](mailto:kfs-london@kornferry.com). Internet Home Page: <http://www.kfselection.com>

ALLIED DOMECQ

## MARKET LEADER, MANUFACTURING, INTERNATIONAL PLC

### Excellent packages

With annual sales well in excess of £300 million and a full Stock Exchange listing, our client is the market leader in its field. With over 25 manufacturing operations in the UK and a number of similar subsidiary operations overseas, the company has experienced rapid growth organically and via acquisition.

The Group is totally committed to continuous quality improvement programmes to benefit its products, customers, employees and shareholders, and is investing heavily in human resources and new technology to assist in these initiatives.

### GROUP FINANCIAL CONTROLLER

#### The Position

- Report to the Group Finance Director, with responsibility for ensuring the company's finance strategy supports its business objectives.
- Act as the pivotal plc finance professional overseeing Group accounts, Stock Exchange reporting, tax, treasury and compliance.
- Play a lead role in any issues of capital structures and acquisition & disposal programmes.
- Develop effective cross-functional working relationships, and contribute to the broader strategy of the Group on an international basis.

#### The Requirements

- Graduate calibre, results-oriented ACA, with a minimum of five years' PQE, some ideally gained in, or advising an international multi-site manufacturing organisation.
- Skilled in managing change both in the structure of the accounting function and in the improvement of existing financial controls and procedures.
- Quality exposure to plc reporting requirements.
- Team player with highly developed interpersonal skills to facilitate effective communication with business partners, customers and colleagues. Ref: 05009D/04

Please send your CV with current salary details to: David Burton, K/F Selection, 252 Regent Street, London W1R 6HL, quoting the appropriate reference.

### LONDON

The Group now wishes to appoint two senior finance professionals who will help form an enhanced finance capability to support the Group Finance Director and Group Chief Executive in their small London HQ. Both positions require individuals of outstanding ability, excellent PC and systems experience, and strong commercial backgrounds gained in organisations with a commitment to modern financial management processes.

### HEAD OF FINANCIAL PLANNING

#### The Position

- Reporting to the Group Finance Director, work as part of a small high-profile Group Finance team, interfacing with and influencing the business units.
- Develop performance reporting and analysis systems to provide insightful and meaningful financial analysis to drive business decision making.
- Be the guardian of the Group's system strategy, enhancing the PC and network capability and application thereof.
- As a commercial finance resource, support the Group's continuous quality improvement programme. Ref: 05009C/04

#### The Requirements

- Graduate calibre, results-oriented qualified accountant, with at least four years' PQE.
- Exposure to a multi-site manufacturing or engineering business, ideally at both HQ and operating company level.
- Advanced numerical/analytical skills, with the commercial awareness to identify key indicators and translate them into operational reality.
- Advanced PC skills, with the ability to significantly enhance finance systems and processes. Ref: 05009C/04

Alternatively send by fax on 0171-312 3380 or by e-mail to [kfs-london@kornferry.com](mailto:kfs-london@kornferry.com). Internet Home Page: <http://www.kfselection.com>

K/F SELECTION

A DIVISION OF KORNFERRY INTERNATIONAL

## Divisional Finance Director Business Services

c.£55,000 + Car + Benefits

M3 Corridor

Vital head office role for experienced commercial accountant.

### THE COMPANY

- ◆ Market-leading provider of industrial services in UK. Turnover £100m. Growing and profitable.
- ◆ Multisite operations. Diverse range of industrial sectors.
- ◆ Fast-growing industry. Committed to ambitious growth. Acquisitive.

### THE POSITION

- ◆ Provide leadership to the Divisional Board of Directors in the setting and achievement of ambitious profit targets.
- ◆ Provide strong leadership to accounting team. Ensure quality control. Report to Group Finance Director.

- ◆ Launch initiatives for business-control and development.

### QUALIFICATIONS

- ◆ Graduate ACA/ACCA/CIMA. Minimum 5 years' PQE. Outstanding technical skills. Exposure to sophisticated financial and operational control in a medium-to-large corporate environment.
- ◆ Proven leadership and change management experience. Attention to detail. Significant commercial track record.
- ◆ Strong communicator. Energetic and dependable. Committed to quality.

Please send full CV with covering letter, stating salary and relevance for the position, ref SL200081, to NBS, PO Box 544, Slough SL1 2YA.

Fax 01753 688001 Email [NBSresponse@nb-selection.co.uk](mailto:NBSresponse@nb-selection.co.uk) Tel 01753 688350

Responses will be forwarded directly to our client. Please indicate any companies to which you do not wish your details to be given.

Aberdeen • Birmingham • Bristol • Cardiff • City • Edinburgh • Glasgow

Leeds • London • Manchester • Reading • Slough • Frankfurt • Madrid • Paris

NB Selection

NBS

Financial Consultant

A/NBS Resources plc company

ISO 9002 Registered

## Director of Audit

Telewest Communications plc has recently announced a merger of businesses with General Cable. The new group, as the largest UK provider of cable telephony, television and other media services, is a major contributor to the current sector growth. Internal audit is recognised group-wide as strategically orientated and value adding.

### THE POSITION

- ◆ Manage business focused Internal Audit function. Provide commercial and financial evaluation of operational performance. Report to Group Finance Director and Group Audit Committee.
- ◆ Evaluate and contribute to existing systems, controls and operating efficiency. Contribute to robust financial and corporate governance standards.
- ◆ Lead growth in internal audit function to provide comprehensive service to newly expanded business. Provide support to past acquisition incorporation.

### THE INDIVIDUAL

- ◆ Graduate qualified accountant. Experienced auditor with record of managing customer focussed audit team to deliver business improvement and tight financial control.
- ◆ Experience in blue chip, high volume customer orientated environment. Proven change manager who thrives in dynamic environment.
- ◆ Proactive, analytical with strategic vision and commercial orientation. Excellent communication, presentation and influencing skills.
- ◆ Highly ambitious. Capable of assuming a senior line role business-wide.

NOW THAT'S PROGRESS



TELEWEST COMMUNICATIONS

NBS

Dresdner Kleinwort Benson is a leading European investment bank with worldclass expertise, worldwide.

## Audit Opportunities

£ Excellent

City of London

Our London-based Internal Audit team is an integral part of the global audit function, working in partnership with the business units to enhance their business practices and to monitor and control risks. The continuous expansion of our investment banking activities has increased the demand for audit services and we are now looking for high calibre professionals to fill the newly created roles. If you are pro-active and a highly motivated team player, continuously looking forward to the next challenge, possess excellent analytical, communication and relationship-building skills and are comfortable working in a consultancy capacity, please read further.

### IT Audit Team - Manager

Working alongside the head of the team you will be responsible for planning and conducting reviews of advanced technologies and business applications as well as providing pre-implementation consultancy to key projects.

The ideal candidate will possess:

- a degree level education, most probably in a numerate discipline.
- significant experience of information technology in an investment banking or related industry, most likely in an audit or controls consultancy role.
- extensive experience of existing and emerging technologies such as electronic banking and object-oriented development practices. (Ref MW0501)

We know our expectations are high, but for the right individuals we can provide an attractive remuneration package, commensurate with skills and experience, international assignments, a pleasant working atmosphere in a highly motivated team and significant career development opportunities.

Please contact our advising consultant, Mark Wheatley at Parkwell Management Consultants, 8 Wilfred Street, London SW1E 6PL quoting the relevant references.

Alternatively telephone him on 0171 - 630 8000 (daytime) or 0171 - 536 9668 (evening). Email: parkwell@compuserve.com

All applications will be treated with strictest confidence and all CVs submitted to Dresdner Kleinwort Benson will be forwarded to Parkwell for consideration.

### Banking Audit Team - Manager

The team focuses on global finance, private banking and asset management. Whilst the regular audit programme is maintained, increasing resources are required to support the development of new products and services.

As a Manager, you will work alongside the head of the team, assist in audit planning, lead/participate in audits, establish and maintain meaningful contacts with the business heads and provide consultative support on an ongoing basis. (Ref MW0502)

As an Auditor, you will provide active support to the audit and consultative activity, working with a team of experienced colleagues. (Ref MW0503)

For either post you will need to be a qualified accountant or a banker with significant experience in credit analysis and auditing.

### Banking Audit Team - Auditor



**Dresdner Kleinwort Benson**

## Area Finance Manager

Rüsselsheim, Frankfurt

Package To Attract The Best

GE is one of the highest market value industrial companies in the world. Operating in 12 key businesses as diverse as manufacturing, media and financial services, GE has an AAA rating and 1997 revenues of \$90 billion.

GE Plastics has a significant presence in Europe, with several different component operations. The Resin business is now seeking to recruit a dynamic Area Finance Manager to support the sizeable commercial activity within Germany and to strengthen its finance team.

Reporting to the German Commercial Director your main responsibilities will include:

- Support and counsel the German Region European Commercial Organisation to ensure strong financial controls and business objectives are achieved.
- Liaison with European Service Centre on Credit and Collection Performance and Accounting Activity.
- Base cost and headcount budgeting, forecasting and control.
- Control and review of contracts, customer productivity and marketing programs.
- Managing an Analyst aligned with the Headquarters and Beulux European Commercial Organisations.
- Monitor plant and equipment expenditure.
- Strategic business projects.

It is envisaged that the successful candidate will be a university graduate (accounting/economics) with at least six years experience, gained working in a similar financial position for a commercially oriented international company and/or the Big Five. Candidates will be high achievers, with the ability to implement change whilst remaining committed to customer service and meeting tight deadlines. Excellent analytical and communication skills are essential, together with project leadership and entrepreneurial qualities. Good written and spoken German and English are required. International career development opportunities are excellent within this global business.

If you are interested in this opportunity, please contact Mrs. Ludo G.M.M. Houben on +49 (0) 69 7076 7076, or alternatively send your Curriculum Vitae to the following address: Robert Walters Associates, Hamburger Allee 2-10, 60486 Frankfurt am Main.

Fax: +49 (0) 69 7076 7075. E-mail: ludo.houben@robertwalters.com

You may also apply via [http://mps.com/Robert\\_Walters](http://mps.com/Robert_Walters) quoting reference RW100.

All applications will be treated in the strictest confidence.



GE

An equal opportunity employer

\*Trademark of General Electric Company, U.S.A., which is not connected with the English company of a similar name.

## GROUP MANAGEMENT ACCOUNTANT Fund Management

Up to £50,000 + Benefits + Bonus + Car

City

### THE COMPANY

- A leading investment and asset management company with a truly global presence.
- Diverse client base to include institutional and private client investors.
- A dynamic and innovative culture reflects their strong year on year fund performance with profit across all their businesses.

### THE ROLE

- A key liaison appointment with contacts across the company globally at senior and board level.
- Introducing, improving and maintaining leading edge technology to enhance the information flows.
- Managing a team to produce and develop group management and financial reporting.

### YOUR PROFILE

- Qualified accountant preferably from a financial services background.
- Excellent presentation and communication skills a prerequisite in view of liaison with senior management.
- Ability to work and manage multiple projects without close supervision.
- Highly numerate and proficient in Excel, Windows and ideally good Access skills.

### TO APPLY

Please apply in complete confidence quoting Ref: FTE1  
Matthew Wright, Witan Jardine Executive,  
125 High Holborn,  
London WC1V 6QA  
Telephone: 0171 404 2255  
Fax: 0171 404 2751  
Evening Telephone: 0467 774368

WITAN  
JARDINE  
EXECUTIVE

## BUSINESS ANALYST US Investment Bank

Up to £40,000 + Excellent Package

City

### THE COMPANY

- A top-tier US investment bank with an exceptional image in the market place.
- Business areas include: finance and advisory, market making, asset management, equity and fixed income sales and trading.
- Following an exceptional years performance in 1996/7 they are experiencing growth in many areas.

### THE ROLE

- Working closely with the front office.
- Responsible for the production of management and financial information for an equities team of over 200 people.
- Full responsibility for the budgeting process.
- Product attribution analysis and revenue reporting.

### YOUR PROFILE

- Newly qualified accountant with financial services experience or a desire to move into the investment banking sector.
- Solid academic background, with an ambitious, proactive and dynamic approach.
- Excellent interpersonal skills are a prerequisite.

### TO APPLY

Please apply in complete confidence quoting Ref: FTC1  
Witan Jardine City,  
125 High Holborn,  
London WC1V 6QA  
Telephone: 0171 404 2255  
Fax: 0171 404 2751  
Evening Telephone: 0958 721942

WITAN  
JARDINE  
CITY

## Global Software Corporation

European Professionals

c. \$80,000  
+ EXCELLENT BENEFITS PACKAGE  
BASED HOLLAND

This world-wide US quoted software business has already established itself as a global player in the provision of enterprise resource planning software applications. It has embarked on an exciting and challenging strategy to further enhance its position which has led to the need to recruit 2 high calibre finance professionals who will play an instrumental part in executing this process.



BIRMINGHAM • CAPE TOWN • COLOGNE • LISBON • LONDON • MADRID  
PARIS • PHILADELPHIA • SÃO PAULO • WARSAW

### European Accounting Manager

You will be responsible for redefining the development and implementation of a complete financial and management reporting infrastructure designed to both control and drive the European business. The position will put into place clear procedures and systems that will fully integrate finance as a proactive management tool across all functions of the business. You must be able to demonstrate a successful track record gained from within a pan-European business characterised by high growth in a highly competitive market place. Attributes will be strong inter-personal skills coupled to an ability to work to tight and demanding deadlines in a strong sales and marketing culture.

### European Contracts Manager

The ability to develop and retain clients is a key characteristic of this organisation. Equal importance is also given to the financial viability and longer term profitability of client relationships and the contractual terms that dictate revenue generation allied to adhering to the highest service/product delivery levels. This newly created role will measure the ways in which potential business is won and evaluated in revenue terms as well as the ongoing profitability of client contractual terms. Candidates will already have experience of contractual issues and be familiar with developing analytical tools designed to highlight client profitability in a service driven environment. You must also be able to demonstrate a working knowledge and understanding of a service driven business utilising state-of-the-art technology in a pan-European business arena.

Interested candidates should write promptly to Charles Austin or Mark Rowley, at Herst Austin Rowley, 30 St. George Street, London W1R 9FA,

quoting reference HAR204.

Fax: +44 171 409 7872.

Tel: +44 171 629 1223.

E-mail: charles@herst.co.uk

Internet: www.herst.co.uk

HERST AUSTIN  
ROWLEY



**Bristol-Myers Squibb Company**

Head of European Audit

West  
London

c. £65,000 + FE Car  
+ Bonus + Bens

Bristol-Myers Squibb is one of the world's leading diversified health and personal care companies. With an unmatched record of scientific excellence and innovation, it is a top-tier pharmaceutical company in the USA, and the fourth largest worldwide. BMS is the number one producer of anti-cancer therapies, and is a global market leader in cardiovascular/metabolic drugs, anti-infectives, consumer medicines, beauty care products, nutritional and medical devices. Total sales in 1997 were \$16.7 billion, with net earnings of \$3.2 billion. Market capitalization stands in excess of \$100 billion.

Following a senior internal promotion there now exists a requirement for an exceptional individual to lead the European audit function, based in the UK in Middlesex. Reporting to the General Auditor, New York, the Head of European Audit is responsible for internal audits performed worldwide, with emphasis placed upon Europe. The internal audit function has evolved, over the past several years, into a highly business-focused team of professionals, supporting the Company's activities and concentrating upon enhancing the effectiveness of the internal control environment through consultation, value-added recommendations and the sharing of best practices. Managing a team of highly-qualified finance professionals, responsibilities will include the following:

- Maintaining the group's strong business relationships with financial and operational management.
- Managing awareness and support for comprehensive internal controls that support the Company's priorities; growth, productivity and a dynamic operating culture.
- Proactive leadership in the implementation of a global, business risk-based, internal control review process.
- Participation in the formulation of the worldwide audit plan, with overall responsibility for the European marketplace.

This first class opportunity will appeal to a qualified ACA, or equivalent, with c.12 years PQE and an outstanding record of achievement to date, either within a 'Big 6' public practice firm or a commercial environment. The ability to liaise at the most senior levels of management is an absolute prerequisite, as is the desire to develop a career in a challenging and changing environment. A high degree of IT literacy is required, together with outstanding communications skills, demonstrated leadership capabilities and English fluency. Career progression is clearly demonstrated and is considered outstanding in what is a highly meritocratic and fast-moving environment.

The benefits include an attractive basic salary together with a fully expensed car, generous bonus and normal large company benefits.

Interested applicants should write, in the strictest confidence, to David Craig or Justin Dinnier at Walker Hamill Executive Selection, forwarding a brief résumé quoting reference DC45M.

WALKER  
HAMILL

103-105 Jersey Street  
St James's  
London SW1Y 6PE

Tel: 0171 839 4444

Fax: 0171 839 5557

20250501



## INVESTMENT BANKING - AMSTERDAM

### QUALIFIED ACCOUNTANTS

We are representing one of the largest banks in Europe and one of the top 20 banks world-wide. Our client has an enviable reputation, a commanding international presence and an extensive product range.

The Amsterdam based central finance team, for the investment banking activities, is responsible for the provision of detailed management information and financial analysis to the senior management.

Their continued development and increasing business demands have led to a need to recruit additional professional staff for this central finance function.

Newly created opportunities now exist for the following:

- MANAGEMENT ACCOUNTANT(S)
- FINANCIAL ANALYST(S)
- TAX SPECIALIST
- PRODUCT ACCOUNTANT(S)

The range of responsibilities is wide and the breadth of products covered includes a range of equity, fixed income, corporate finance, treasury and derivative products managed on a global basis.

### £40 - 50,000 + ACCOMODATION + RELOCATION

All roles require extensive personal liaison across the business lines, as well as within internal units. You will therefore require confidence and strong powers of communication.

The requirement is for ambitious qualified ACA, CIMA or ACCA candidates with strong PC skills.

Financial services experience is useful but not essential, as the emphasis is on attracting team players with strong interpersonal skills and the ability to work well in an international environment.

Newly / recently qualified accountants are required for the management and product accounting roles. The tax specialist and financial analysts positions both require candidates with some specific experience in these disciplines.

These are exceptional international opportunities and they offer excellent potential for career advancement both within the team and wider organisation.

Successful performance could lead to positions in the bank's extensive network in Australia, Asia, The Americas and throughout Europe.

Please send your CV to Andrew Fisher at Parkwell Management Consultants Ltd., 8 Wilfred Street, Westminster, London SW1E 6PL  
Fax: 0171 233 5205 Email: parkwell@compuserve.com or call for more information on 0171 630 8000

### Financial Controller

Bromley c £37500 + Car + Benefits

Triage PLC was established in 1994 to specialise in telecoms recruitment, and has experienced exceptional growth. Our success has brought about the need to recruit a dedicated and ambitious finance professional to join the management team.

You will be responsible for: full reporting, financial controls and systems development; input to strategic and planning processes; innovative financial analysis; development of incentive reward and measuring systems; adding value through financial acumen and commercial awareness.

You will be a graduate qualified accountant, probably ACA or ACCA. Aged 30 plus, you will be able to demonstrate a successful track record in a high growth environment with at least 3 years commercial experience.

Please send a letter of application together with your CV to:

Mr N Barnes  
General Manager, Triage PLC  
Bank of America House  
26 Elmfield Road  
Bromley BR1 1LR  
Closing date 27/5/98

### Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising, in this section please call  
Karl Layman on 0171 873 3694

### International Finance Opportunities

#### Leading Ports Operator

Remuneration Packages between  
US\$ 130,000 - 200,000  
according to location

Interested applicants are invited to contact Nick Coppin or Jonathan Astbury for an initial discussion. Telephone 00 44 171 930 1222, facsimile: 00 44 171 930 1444. Alternatively write enclosing your CV to Astbury Marsden Search & Selection, 49 Strand, London WC2N 5HZ, England. e-mail Response@astburymarsden.co.uk Internet http://www.astburymarsden.co.uk

### Senior Finance Managers

We represent a leading independent ports operator, with interests in Asia, Europe and the Americas. The company, which forms part of a larger Group with global interests in a number of major business sectors, is undergoing a period of significant investment and expansion. Accordingly, several key finance roles are available, most immediately in Central America and the Caribbean, and potentially in the Far East, Europe and Latin America.

Successful applicants will be responsible for all aspects of the finance function, reporting to the Finance Director in the UK. The roles are comprehensive and embrace all aspects of financial and operational management. Accordingly the ability to manage and motivate staff whilst implementing fiscal policy in a diplomatic and controlled manner, is essential.

Applications are encouraged from finance professionals in their late-twenties and above with the following attributes:

- An accounting accreditation ie: ACA, ACCA or CIMA.
- Minimum three years experience of finance management and control, preferably gained within a multinational company.
- Previous experience overseas seen as an advantage.
- Language skills are advantageous.

The positions demand a pragmatic, proactive, hands on approach and will suit professionals with proven business acumen. Successful applicants will be seeking a truly international career where mobility is seen as a strong personal attribute. The company offers exceptional global career prospects and comprehensive remuneration packages.

astbury marsden

SEARCH AND SELECTION

### Targeting

### Financial Professionals

Dolphin Telecommunications Limited, part of the highly successful Telesystem/TIW Group of Canada, are rolling out the UK's first ever digital TETRA Mobile Network. TIW's current stock market capitalisation is approximately US\$1.5 billion. Dolphin is the largest provider of SMR services to the mobile workforce market in Europe, with existing operations in the United Kingdom, France, Germany and Spain. Dolphin is targeting the professional mobile communications market using TETRA technology. Based at their European headquarters in Basingstoke, United Kingdom, Dolphin seek to appoint the following key personnel to play an integral part in assisting the Group's continued international expansion.

#### Group Financial Controller

(Ref: DTL01)

Reporting to the Finance Director. Key responsibilities include:-

- Control and consolidation of group accounting and reporting activities.
- Budgetary co-ordination and assistance to operating entities.
- Significant involvement in financing, together with ongoing involvement in mergers, acquisitions and international taxation issues.

#### Group Treasurer

(Ref: DTL02)

Reporting to the Finance Director. Key responsibilities will include:-

- Identifying and implementing funding sources, including equity, high yield and bank and vendor debt.
- Ensure all surplus funds are invested to optimum return, and to manage and mitigate currency and interest risk.
- Manage investor relations activities and banking relationships.

#### Group Taxation Manager

(Ref: DTL03)

Reporting to the Finance Director. Key responsibilities will include:-

- Provide tax engineering advice relating to acquisitions, financing and capital structure and ensure best practice.
- Minimise VAT liabilities and advise on transfer pricing.
- Liaise with TIW and support our European business in tax planning.

#### Group Financial Accountant

(Ref: DTL04)

Reporting to the Group Financial Controller you will be responsible for the following:-

- Consolidation of Group Accounts to meet financial and budgetary control criteria.
- International reporting of accounts to European (IAS), Canadian and US Reporting Standards.
- Support financial reporting and systems of operating entities.

Candidates for all positions should demonstrate a proven background in similar roles ideally, but not essentially, encompassing Big 6 experience and exposure within the Telecommunications, Data or related hi-tech markets. Experience within publicly listed entities would be a decided advantage. International exposure for all these roles is essential. In return these posts offer excellent benefits, terms and prospects within one of the world's most progressive telecommunications groups.

## International Banking Group PROGRAMME MANAGER

TO LEAD CRITICAL & STRATEGIC PROGRAMME OF CHANGE

C10 SIX FIGURES LONDON

Our client is a major force in international corporate, investment and retail banking. As the business community faces competitive challenges in the current dynamic marketplace, its corporate banking division plays a key part in building the wealth and prosperity of the corporate sector.

The management team of this significant division needs the skills of an exceptional full-time Programme Manager to focus on combining the delivery and co-ordination of a high-profile and major transformation initiative.

#### THE POSITION

- Report to and advise the Head of The Programme. Deliver the streams of a massive transformation programme including co-ordination of elements across marketing, operations, sales and IT.
- Pivotal role operating across banking divisions and the Group. Provide strategic input and advice to senior colleagues.

- Lead consulting teams, project managers and working parties across this multi-stream programme.
- Ensure thorough and workable planning, reporting, cost and risk management mechanisms are in place. Work to tight deadlines.

#### QUALIFICATIONS

- Exceptional programme and project management skills. Leadership on major initiatives such as EMU or significant infrastructure projects.
- Track record of success within a major blue chip or consulting organisation. Banking experience is desirable although not essential.
- Ability to command support in a highly pressured environment. Diplomatic, highly motivated and focused. Credibility and stature to win respect internally and externally.

SAINTY, HIRD  
&  
PARTNERS

SHP  
ASSOCIATES

Please send a full cv and current salary details, quoting ref 980503/71 to Fiona Johnson, SHP Associates, Aldermley House, 10-15 Queen Street, London EC4N 1TX. Tel: 0171 815 8888. Fax: 0171 815 8880. E-mail: shp@shp.co.uk

## Group Chief Accountant

West London - Excellent package plus bonus and executive benefits

- United Biscuits is a dynamic international food group with leading positions in UK biscuits, snackfoods and frozen and chilled foods. Following a major refocusing exercise this year the company has organised into two divisions - an integrated international biscuits business, known as McVitie's Group with sales approaching £1 billion and the UK snack and frozen and chilled foods operations, known as UK Foods with sales of c. £700 million. Following an internal promotion there is a requirement for a new Group Chief Accountant.
- Reporting to the Group Finance Director, you will be responsible for the day to day management of the group finance department to ensure the quality and integrity of all consolidated financial information of the UB group including interim and annual reports to shareholders, internal management reports, budgets and forecasts.
- This role will suit ambitious motivated individuals who thrive in challenging environments and who will view it as part of an exciting career move. A graduate qualified

accountant, you should have demonstrable experience in motivating and managing finance teams. Candidates are likely to be senior audit managers with experience of multinational groups. An enthusiastic positive management style combined with the intellectual agility to work with senior group executives are essential prerequisites for this key position.

To be considered for this role, please send your curriculum vitae with current salary details and an explanation of how your experience meets the above requirements to Gemma Jenkin or Tim Hastings, Ernst & Young Executive Search & Selection, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NH, quoting reference GJ242. Tel 0171 931 2967. Fax 0171 931 1022 or e-mail: gjenkin@cc.ernst-y.com

ERNST & YOUNG

The United Kingdom firm of Ernst & Young is a member of Ernst & Young International

## FINANCE DIRECTOR

PC and Network Products

### Hertfordshire

c £85,000 Package

This \$2 billion turnover US based organisation is a market leader in direct marketing of PC and network products. With operations in eight countries and 3,500 staff, they have grown rapidly during their 10 year history through a combination of focused market development and strategic acquisitions. A sound understanding of the need for different business models in different regions of the world has produced a culture which promotes a high degree of autonomy at country levels. With this in mind, there is currently a requirement for a strongly commercially minded Finance Director to help drive the future development of the UK operating company.

#### THE POSITION

- Provide the financial leadership for the company including planning, analysis, forecasts and controls.
- Management and development of a finance team of around 56 people in the company's two UK locations.
- Make a significant contribution to the overall commercial management of the company with direct involvement in negotiations with vendors and clients.

#### QUALIFICATIONS

- Experience gained at board level in a high volume business environment, preferably in the technology sector.
- A qualified accountant, probably aged to your 30's, you will have high energy levels and the strength of personality to influence the direction of a dynamic organisation.
- You will be a commercially astute individual with the ambition to succeed in a demanding industry.

Interested candidates should write enclosing full career details, current salary and where possible a daytime telephone number to John Anderson, Technology Division, Questor International, 3 Burlington Gardens, London W1X 1LE. Fax: 0171 287 5457. Email john@questorint.com. Please quote reference number 2435.

QI

QUESTOR INTERNATIONAL

## FINANCE DIRECTOR

Leading International Actuaries and Consultants

### Epsom

BACON & WOODROW  
Actuaries and Consultants  
Internationally WOODROW HILLMAN

### Six Figure Package

Our client is a leading actuarial consultancy partnership offering a comprehensive range of services and advice across a broad spectrum of financial sectors. The partnership is one of the largest independent firms of their kind in Europe with a global network of offices and their loyal client base includes an impressive array of prestigious organisations. The practice is currently undergoing a significant, all embracing change management programme, focusing on business development as well as strategic and profitable growth. This initiative will comfortably place the firm as one of the major forces in its market, well into the next Millennium.

#### THE POSITION

- Reporting to the Managing Partner, undertake full executive participation, working with the Management Board to define, develop and drive the firm's growth and change management strategy.
- Lead, manage and motivate the finance function, ensuring the structure, resources and operating practices effectively support the firm. Develop team members for future career progression.
- Ensure the production and reporting of timely, accurate and effective financial and management information which meets the current and future needs of the business.
- Develop the finance function to pro-actively add value to the partnership through the analysis and interpretation of results, trends and financial indicators.

#### QUALIFICATIONS

- Qualified Accountant, probably in your 30's-40's, with experience of running a finance department that is committed to implementing best practice procedures and adding value.
- Post qualification experience gained in leading financial or professional services firms that are ideally partnership environments.
- Intellectually bright with the gravitas and maturity to influence and contribute at a senior level. Team building approach and participative management style.
- Excellent influencing and communication skills, the ability to build effective relationships across the business and a strong determination to deliver.

This is an outstanding opportunity to join a prestigious partnership at an important stage in their development. Interested candidates should write, enclosing full career and current salary details, quoting reference 2432 to the advising consultants Sharon Glenaway or Julie Gilgrie, Consumer Division, Questor International, 3 Burlington Gardens, London W1X 1LE. Telephone 0171 292 8300 Fax 0171 287 5457. e-mail: jgillgrie@questorint.com

QI

QUESTOR INTERNATIONAL

## GROUP TREASURER

## QUOTED PLC

c.£70,000 + excellent benefits

East Midlands

The Company is a £700m turnover plc. Young, cash generative and acquisitive, it is focused on a core, fast moving, consumer market.

The Position is a hands-on role, reporting to the Group Finance Director, in a lean head office team. Responsible for all aspects of Treasury management, the most critical issues are complex economic currency exposure, funding and cash management.

You will need to be MCT qualified or equivalent and have several years senior treasury experience from a large, divisionalised group. Extensive exposure to funding and sophisticated currency management is essential, as are the maturity and credibility to operate at the highest level both within and outside the company.

Please write in confidence, with CV and remuneration details, to Criterion Search, 50 Regent Street, London W1R 6LP, quoting ref: 3012. Tel: 0171 470 7108. Fax: 0171 470 7171.

**CRITERION**  
SEARCH  
PART OF THE CURZON PARTNERSHIP

INTERNATIONAL CAREER OPPORTUNITIES  
FAST TRACK COMMERCIAL ROLES

## Near Frankfurt

Our client is part of one of the world's leading process automation companies with revenues of over \$1.5 bn and 11,500 employees operating in more than 30 countries. Two challenging international career opportunities now exist in this exciting group.

Commercially based, the audit roles at manager and senior level will focus on financial and operational reviews and assistance with group initiatives. They will have specific European responsibility as part of a small worldwide team which reports directly to the Managing Director and CEO of the whole group. Successful performance in these key roles will result in a rapid career progression.

For the manager position, a background in a major public accounting firm and/or internal audit or consultancy is essential with a minimum of 4 years

## Excellent Packages

experience. Preference will be given to candidates who have demonstrated the ability to bring benefits to their business and with some experience of reviewing technology/costs/manufacturing operations. A similar but less experienced background is needed for the Senior position. Both positions require candidates with strong initiative and communicative skills to influence change whilst maintaining excellent relationships with senior management.

Candidates will possess a university/professional qualification and be reasonably fluent in German and English. Some business travel in Europe will be required. A competitive package will be offered with relocation assistance if necessary.

Please forward a CV in English, stating salary expectations to McIntock International at the following address.

**McINTOCK**

8BC House, Kew Road,  
Richmond Surrey TW9 2NA  
Tel: 00 44 181 940 4900. Fax: 00 44 181 940 6524.



Do you have experience in Retailing & Manufacturing?  
Would you enjoy a high profile environment which values innovation and creativity?

## FINANCIAL DIRECTOR - RETAIL

Somerset

£Negotiable + Bonus/car

Over 27 years. The Mulberry Brand has grown in a culture combining craftsmanship, technology and entrepreneurship. Could you further develop our growth?

Today, Mulberry, which is listed on the Alternative Investment Market, designs and manufactures a portfolio of accessories, ready to wear clothing and interior design products which are sold in 32 countries worldwide.

This is a unique opportunity to be responsible for the financial strategies, implementation and reporting of systems for our 55 Retail and Franchise shops around the world.

You are likely to be a chartered accountant with at least five years' experience in a senior role who thrives under pressure and enjoys diversity. You must also be able to demonstrate success in the installation, development and management of retail distribution systems.

This is a chance to make a real contribution to our future and carries the benefits associated with a company listed as one of the UK's "Top 100 Employers".

If you have the skills we need and wish to make a real contribution to our future, then please send your CV and details of your present salary to: Alison Barlow, People Department, Mulberry Co. (Design) Limited, Kilver Court, Shepton Mallet, Somerset BA4 5NF. Closing date for applications: 11th June 1998.

OUTSTANDING  
COMMERCIAL  
OPPORTUNITYSPECIALIST BUSINESS  
SERVICES GROUP

London

c.£70,000 Package

Our client is the market leader in the provision of professional services to the IT sector both in the UK and overseas. Established in 1992 they have experienced phenomenal growth. They employ over 100 staff and have offices in 4 UK locations as well as correspondence offices throughout Europe. Now poised for even greater expansion they are projected to double in size over the next twelve months.

Essential to this growth is the recruitment of a talented, ambitious professional who will play a significant role in propelling this highly successful business forward.

Reporting directly to the Group Managing Director the principle tasks of this high profile appointment will include:

- Full profit and loss responsibility for the groups largest division - The UK Professional Services Division;
- Contribution to the development of company strategy and direction;
- Improvement and development of systems and procedures to ensure that outstanding client service is maintained;
- Key involvement in the motivation, training and development of 50 staff,

budgeted to double within the next financial year.

This is a truly outstanding opportunity for a practice trained, qualified accountant. The ideal person will also have 4-5 years' commercial experience in a service related, customer focused environment.

Demonstrating first class communication and leadership skills, the successful candidate will have a natural enthusiasm for dynamic growth.

In all respects this will be a visible and influential position offered only to an individual who can demonstrate the potential of becoming a main board director.

Applications should be submitted to either David Goldstone or John Rose at Harrison Willis, Cardinal House, 39-40 Albemarle Street, London W1X 4ND.

Tel: 0171 629 4463  
Fax: 0171 344 0361  
E-mail: john.rose@hwgroup.com  
Internet: www.hwgroup.com

**HARRISON  
WILLIS**

**HW**  
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MANCHESTER • MIDDLESEX • NOTTINGHAM • READING • ST ALBANS

INVESTOR IN PEOPLE

FINANCE  
DIRECTORNorthern  
Home  
Counties

£50,000

Our client has a long established business as a supplier of products and services to both food retailers and the food industry in the UK. The group has successfully expanded sales and profits year-on-year for the last decade, with product innovation, creative marketing and partnership with customers and suppliers driving organic growth.

This is a strong independent company, based in the northern home counties, with some 300 employees and sales of £21M.

The company has recently secured a new investor to support its exciting business development plan. The current finance director is to retire in the near future after 15 very successful years, and the appointment of a new Finance Director is one of a number of steps being taken by the chief executive to develop a strong board and senior management team for the future.

The Finance Director will report directly to the chief executive and will work closely with the other members of the senior management team. You will have day-to-day responsibility for all Corporate Service functions, including but not limited to control and management of the Finance, IT and Human Resources departments.

You will be required to develop internal control procedures to effectively manage the assets of the business and control the working capital needs of the group. You will be responsible for providing support and information through monthly management accounts in addition to

the statutory accounting requirements. You will develop positive working relations with management in the commercial divisions to support their efforts to achieve the group's short and long term targets.

The future looks good for this company and it is now seeking external targets to acquire at the same time as it drives its ambitious organic growth activities.

You will be a senior qualified accountant who can demonstrate strong all round experience from within customer-sensitive businesses both small and large. You will be looking to forge strong long term relationships with the board team and to put in place effective and motivated people in key positions in your own functional terms. You should be a team player who is prepared to lead, and able to communicate effectively at all levels in the business.

Interested candidates should contact Paul Ketchum or Richard Baker ACMA at Harrison Willis on 01727 840660 (monday and tuesday 0956-133519 and 0973 226789 respectively) or forward their CV to Harrison Willis, 47 London Road, St Albans, Herts AL1 1UL. Fax: 01727 840662. E-mail: richard.baker@hwgroup.com Internet: www.hwgroup.com

**HARRISON  
WILLIS**

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MANCHESTER • MIDDLESEX • NOTTINGHAM • READING • ST ALBANS



## COSTCUTTER

Yorkshire

£45,000 + Car  
+ Bonus

## The Company

Costcutter Supermarkets is a £180 million turnover retail distribution group with over 750 franchises across the country. This dynamic company, the only national independent retailer organisation in the UK and Eire, was established just over 10 years ago and has sustained growth averaging over 15% year-on-year since inception. This exciting phase of growth is set to continue through further investment fully utilising the in-depth market knowledge and technical expertise of this nationwide organisation.

Based in modern purpose built premises just outside York, Costcutter has developed a unique approach with a strong awareness of the retailer and consumers' needs and a quality of service which engenders great loyalty from their customers.

With this rapid expansion predicted to continue Costcutter is now seeking to strengthen its senior management team with this appointment.

## The Role

As Director overseeing both the finance and the information systems departments, the successful applicant will be responsible for strategic review, business development and will have significant involvement in determining the commercial direction of the business. Working closely with the Managing Director you will be required to liaise closely with senior managers, both internally and externally, identifying new business opportunities and developing current areas of operation.

This influential role will also be expected to have a major impact upon business systems, assuming full responsibility for the internal information technology across the group. An exciting role where flair and initiative will be well rewarded.

## The Appointee

A qualified Senior Finance Manager, you will have significant experience at controller or director level. You will have a proactive approach with the ability to interface effectively with personnel at all levels and be able to make an immediate impact within the management team.

The successful applicant will also be able to demonstrate strong business acumen and the ability to identify and develop business systems. Managing a sizeable team, this role will require a confident and skilled man-manager with strategic vision.

An excellent opportunity for a commercial finance professional to develop a long term relationship within a successful, market leading organisation.

To apply please write enclosing your CV and current salary details to Hays Accountancy Personnel, Sovereign House, South Parade, Leeds, LS1 5QL. Tel: 0113 243 8384. Fax: 0113 242 3198. All direct applications will be forwarded to Hays Accountancy Personnel.

**Hays**

**Hays Accountancy Personnel**

## BUSINESS

## The Company

Enviably growth has led our client to become one of the world's largest upstream companies focusing on exploration, development, production and sales of oil & gas. In recent years, significant international expansion has taken place, resulting in a gas-rich portfolio. The company are now attempting to secure additional markets for this gas and are presently developing and evaluating investment opportunities in down stream gas.

## The Role

Reporting to the General Manager, you will be a key member of the team, playing a major strategic role in the expansion of their markets and development of a rapidly changing organisation. Within this challenging and rewarding role you will be responsible for:

- Establishing and developing sound investment proposals in the UK and Continental Europe
- Performing economic modelling and financial analysis in respect of potential projects
- Establishing optimal financing of projects
- Participating in meetings with banks and negotiating with third parties

## The Appointee

The culture that pervades throughout this company attracts only the highest achievers. Those who succeed through innovation, flair and business initiative are rewarded accordingly. You will be:

- A graduate with an accounting or business qualification and up to 5 years' experience
- Possess strong financial and analytical skills and be familiar with DCF techniques
- Be innovative, creative and commercially astute
- Be team orientated and preferably have a knowledge of the energy sector
- Have effective communication skills which will be vital to develop relationships throughout the business
- You will also need to demonstrate a solutions driven approach

Your ambitions will take your career to the next step within the company.

To apply please write enclosing your CV and current salary details to Hays Accountancy Personnel, Senior Finance Division, 14 Great Castle Street, London, W1N 7AD. Tel: 0171 436 9964. Fax: 0171 436 8385.

**Hays**

**Hays Accountancy Personnel**

Central London

£Negotiable +  
Excellent Benefits

**KPMG**

## Financial Controller

- Northampton
- To £45,000 + Bonus + Car

Our client, a European market leader in the design and manufacture of connectors and inter-connection systems for the electronic and electrical industries, seeks to recruit an ambitious, flexible and proactive finance professional to accept the challenging role of Financial Controller within their UK subsidiary.

Reporting to the Managing Director, the Financial Controller will assume responsibility for all aspects of the company's financial affairs, in addition to advising on the development of management information systems, overseeing the human resources and logistics functions, and interfacing with professional advisors. The Financial Controller will also work closely with the Managing Director in establishing and delivering the corporate strategy and will be required to provide

significant commercial input as a key member of the senior management team.

Candidates should be qualified accountants who possess significant commercial experience, preferably gained within a customer focused, manufacturing/distribution environment. In addition to excellent interpersonal and management skills, applicants will also require the vision and business acumen necessary to perform a key managerial role in this ambitious, dynamic and rapidly expanding organisation. This post offers excellent opportunities for future advancement to either UK Board level and/or an international role.

Applicants should write, enclosing full career and salary details, quoting reference B692/98, to Steve Bastable, KPMG Selection and Search, 2 Cornwall Street, Birmingham B3 2DL. Fax: 0121 232 3608. E-mail: steve.bastable@kpmg.co.uk

**KPMG Selection & Search**

MAKE A  
DIFFERENCE

COMMERCIAL FINANCE

BUSINESS PLANNING

Royal National

HEAD OF

Salary circa £30,000

Life



## MAKE A DIFFERENCE

Yorkshire Water is one of the region's major companies with a turnover in excess of £500m and is currently undergoing a major transformational change.

The level and pace of this change is fundamental to the company achieving its goal of unequalled customer satisfaction while remaining commercially competitive.

A high profile business facing ever increasing conflicting challenge and emerging competition it provides a dynamic working environment where the focus is on delivery without compromising quality.

Harnessing leading edge technologies with commercial drive is essential if the company is to succeed in the 21st century.



### COMMERCIAL FINANCE MANAGER

£45,000 + Car + Benefits

As the financial expert within the management team, you will contribute at the highest level of business decision making. Your responsibilities will cover performance monitoring and the provision of advice on corrective action where inefficiencies are exposed.

Specifically you will • Undertake project appraisal ensuring economically sound decisions are made • Build a forecasting model for the operation in order that demand levels are anticipated • Establish a basis of costing by developing an understanding of key drivers • Co-ordinate the business planning process throughout

Furthermore, you will promote an improved financial and commercial awareness at all levels within the organisation.

### BUSINESS PLANNING ANALYST

£35,000 + Car + Benefits

With responsibility for the Business Plan, you will play an important role in delivering commercial change through the effective planning and leadership of improvement projects.

Specifically you will • Develop a "balanced score card" for the business along with a basis for monitoring this • Set up a budgeting procedure and a method of prioritising between competing needs • Monitor the progress of change against planned targets • Lead initiatives to eradicate inefficiencies and ensure best practices

Our client is looking for high calibre professionals who thrive on challenge and can deliver in the face of demanding pressures. To be successful you will be a graduate and a qualified accountant with a solid track record of success in an FMCG/Retail environment, having a minimum of 3 years Post Qualification experience and a proven ability to deliver results. Applicants will probably be aged in their late 20s to mid 30s possessing drive, ambition and enthusiasm coupled with a desire to make a difference.

If you believe you possess the attributes required by these highly demanding roles, send your C.V., with salary details, to Phil Jones MBA at the address below. These vacancies are being handled exclusively by Northern Recruitment Group.

NORTHERN RECRUITMENT GROUP PLC

Albion House, 10 Park Road, Leeds LS1 5PA. Tel: 0113 244 1316. Fax: 0113 244 1324. Email: recruitment@nrg.co.uk

## Royal National Lifeboat Institution HEAD OF FINANCE

Salary circa £50,000

Poole, Dorset

The Royal National Lifeboat Institution has a proud and honourable tradition of bravery and effectiveness in fulfilling its mission of saving lives at sea. It employs some 800 staff who support the volunteers who comprise 4,500 dedicated lifeboat crew members, 1,000 shore helpers, the officials who run the 222 lifeboat stations and the many thousands of fundraisers. Last year it cost the Institution £70m to run its modern lifeboat service.

The money raised through the efforts of its volunteer fundraisers enables the RNLI to fund all its various activities. These include the boats and equipment, maintenance, training and the design and development of new lifeboats. The RNLI does not receive Government funding.

The Head of Finance is a key appointment and is responsible for all aspects of financial management, reporting, budgeting and forecasting for the RNLI, a charity with 2000 branches and subsidiaries, including a sales company. Reporting to the Director, the Head of Finance is a member of the Senior Management Team and is expected to make a significant contribution to the corporate planning and decision making process.

Candidates will be well-qualified finance

professionals with experience of operating at senior management level in a substantial organisation, not necessarily in the not-for-profit sector. They will have had responsibility for all aspects of financial management and will be capable strategic thinkers. They will be experienced negotiators and preferably have worked with a range of external professional organisations, including investment managers. Candidates must be able to demonstrate the ability to understand and be sensitive to the ethos of the RNLI, and although knowledge of charity law and accounting practice, including taxation, is not essential, it would be an important attribute, as would be experience of the development and implementation of major IT systems.

To express your interest in this appointment please send, in strict confidence, a full CV (including your career history, relevant achievements, latest remuneration, date of birth and, for use with discretion, daytime telephone number) to the Institution's advisers: Peter Drew, Saxton Bampfylde Hever plc, PO Box 198, Guildford, Surrey GU1 4FH (fax 01483 30 30 29), quoting ref: PLNCF to arrive not later than Friday 12 June 1998. We will contact you by Friday 3 July.



Royal National Lifeboat Institution



ADVERTISED RECRUITMENT AND CONSULTANCY  
A PRACTICE WITHIN SAXTON BAMPFYLDE HEVER PLC



Hanson



## Influential finance roles within a major plc.

ARC is a major operating subsidiary of Hanson PLC and lies at the core of the Group's future strategy. ARC is one of the UK's leading producers of construction materials, employing 4,300 people on more than 300 sites across the country and in its marine dredging fleet. Internal promotion and reorganisation has led to a requirement for two outstanding individuals to take up business facing roles within the organisation.

### DIVISIONAL FINANCIAL CONTROLLER

Based in one of the larger business units and reporting to a Divisional Director, you will operate as an integral member of the management team and be responsible for the timely provision of all management and financial information, as well as offering commercial advice to the management group. Leading a small team, you will ensure that group reporting requirements are met whilst making a key contribution to the development of business strategy. Ref: DFC919.

Both positions call for excellent technical skills coupled with the ability to contribute to the strategic direction of the business through the provision of sound commercial advice. Ideal candidates will be qualified accountants with circa five years post qualification experience, preferably, although not essentially, gained in a manufacturing or distribution environment. Additional attributes should include strong interpersonal skills and the ability to communicate, persuade and influence at all levels across the business.

In return we offer a competitive remuneration package which includes excellent bonus potential and a full range of company benefits including a fully expensed car. Interested candidates should send a current CV, quoting appropriate reference, together with details of salary expectation, to Karen Paige at Paige Consulting, PO Box 276, Exeter, EX3 0YP. Tel: 01392 876754. Fax: 01392 877927. Email: kpaige@pcclips.co.uk

PAIGE CONSULTING

EXECUTIVE SEARCH & SELECTION

### DIRECTOR OF FINANCE

Not less than £35k per annum  
Ref: DOF/RN/33

Canterbury Christ Church College is a large successful Higher Education Institution which has grown rapidly over the past five years and now has over 10,000 students.

As Director of Finance you will be responsible for the administration of the College's finances, turnover £35m. You will need a recognised accountancy qualification, and extensive experience of financial administration at a senior level in a large organisation. You should have the ability to lead the Finance Office during a period of change, good communication skills and a willingness to exercise initiative and judgement.

Closing date: 1 June 1998.

Interviews from Mid June 1998.

Salary dependent on experience and qualifications.

Application form and further details from Personnel, Canterbury Christ Church College, North Holmes Road, Canterbury, Kent, CT1 1QU, Tel: (01227) 782475 (answerphone service), quoting the reference number, E-mail: personnel@canterbury.ac.uk  
No agencies.

## Appointments Advertising

appears in the UK edition every  
Wednesday & Thursday and in the  
international edition every Friday.

For information on advertising  
in this section please call

Ben Bonney-James  
on 0171 873 4015

Financial Times

Barclay Simpson  
Recruitment Consultants



## Head of Internal Audit

Establish Internal Audit in the world's largest medical research charity

Based Central London

£60,000+Bens

The Wellcome Trust is the world's largest independent medical research charity, with an asset base of £11 billion and distributing some £250 million to support biomedical research each year. It seeks not only to fund the research, but also to ensure that its potential health care benefits are fully realised. The Trust supports more than 3,000 researchers in 30 different countries. To help meet these challenges the Trust wishes to appoint a Head of Internal Audit.

The Head of Internal Audit is a senior management appointment and will report to the Director of the Trust and to the Chairman of the Audit Committee. Key objectives will include ensuring that effective control is maintained, providing reassurance that the Trust's assets are being safeguarded, determining ways to enhance and improve efficiency and assisting in the interface with recipient institutions.

This is an exciting and wide ranging opportunity to establish and develop an internal audit department covering all aspects of the Trust's operations. It will

appeal to experienced internal auditors with a minimum of 8 years professional audit experience who have proven ability in leading successful audit teams in either the public or private sectors.

Applicants must be professionally qualified, have a record of developing systems and implementing change, have a high level of I.T. literacy and empathise with the objectives of the Trust. Experience of investment markets, computer audit or knowledge of the operation of charities would be desirable.

For further details and to apply, please contact  
Adrian Simpson ACA, at Barclay Simpson Associates,  
Hamilton House, 1 Temple Avenue,  
Victoria Embankment, London EC4Y 0HA.  
Telephone 0171 936 2601. Fax 0171 936 2655.  
E-mail: as@barclaysimpson.co.uk



The Wellcome Trust

## Business Finance Analyst

West Midlands

£50-£55,000 + Car

Our client, a world player in specialist engineering markets is committed to world class business systems and controls. With operations throughout the world its Finance function delivers both demanding and varied work together with first class training and personal development.

Due to a number of acquisitions they seek a Business Finance Analyst to be Midlands based and involved in acquisitions and divestments of businesses as well as monitoring the performance of current subsidiaries.

Reporting to the Finance Director and working with board members you will be dealing with external advisors, performing due diligence and post acquisition reviews.

You will be responsible for the analysis of the budgets, plans and accounts of the subsidiaries. In addition, the department advises divisional management regarding all investment projects that require the approval of the Group Chairman or Board and prepares investment appraisal reports on such project proposals.

Ideally candidates will be graduate, qualified accountants, IT literate with an international mindset.

You will possess excellent interpersonal skills and a desire to succeed in a fast moving, diverse company.

This is an excellent opportunity to join this highly professional organisation with excellent prospects for advancement.

Suitably qualified and experienced candidates should send a full CV to:

Tony Gleeson BA CA

quoting reference number

JT2/R1

at Greenwell Gleeson

Associates,

52 St. Pauls Square,

Hockley,

Birmingham

B3 1QS.



GREENWELL  
&  
GLEESON  
associates

Suitably qualified and experienced candidates should send a full CV to:

Tony Gleeson BA CA

at Greenwell Gleeson

Associates,

quoting reference BW/FA

52 St. Pauls Square,

Hockley,

Birmingham

B3 1QS.



GREENWELL  
&  
GLEESON  
associates

## Project Finance Controller

Birmingham

£37-40,000 + Car + Benefits

The Company

Our client was formed in 1989 as a joint venture between two major conglomerates. It has a small head office in Paris and corporate offices in the UK, Spain and Belgium. Turnover is circa 12 billion ECU and the business employs some 93,000 people.

They have an autonomous devolved structure with five operating divisions.

This division is an international group of companies and manufactures a complete range of equipment for customers throughout Europe, the Far East and the USA.

It offers a comprehensive project management service which includes turnkey design and build contracts.

Based at Birmingham on a 52 acre site, our client manufactures for UK and overseas markets.

As a result of winning contracts worth several hundreds of millions of pounds, they now require a first class finance professional.

The Role

This key role is required to drive the function towards its key objectives.

The Project Controller will be responsible for:-

- Co-ordination, consolidation and review of activities within Finance Project teams.
- Review of project situation reports, cashflows, budgets and capital employed forecasts.
- Monitoring key performance indicators across all projects
- Liaising with senior Management and Directors across all functions on areas of financial project control and reporting.

The Candidate:

- You will be a qualified accountant with significant experience gained in a large, engineering environment.
- Sound commercial appreciation. Strategic overview with proactive, hands-on approach.
- First class interpersonal skills, ambitious, committed to continuous improvement.

## DIRECTOR OF FINANCE & ADMINISTRATION

c.£52,000 + car + pension

Manchester

This substantial and well-respected Manchester legal practice tops the tables in the North West in its specialist field. Having achieved significant levels of growth in the past and aiming to do so in the future, the firm is at an exciting stage in its development. As they now employ some 170 people, the equity partners are looking for a high-calibre individual to take responsibility for the non-fee-earning side of the partnership.

Reporting to the Managing Partner, you will play a key and influential role, heading up the finance, administration, IT and personnel functions. As one of a small central management team, you will assist the firm in all aspects of its profit planning, financial controls and general management.

A high performing Chartered Accountant with a minimum of ten years' post qualification experience, you should have strong management, analytical and communication skills. This varied and demanding hands-on role requires first-class interpersonal skills and the ability to contribute at all levels, together with well-developed business acumen and commercial flair. Please reply in confidence, enclosing your CV and current salary details, quoting Ref: FT9038, to Joelle Warren, Howgate Sable, Arkwright House, Parsonage Gardens, Manchester M3 2LF. Tel: 0161-639 2000. Fax: 0161-639 0064.

e-mail: manchester@howgate-sable.co.uk

Internet: http://www.howgate-sable.co.uk

HOWGATE  
SABLE h/s

International Search & Selection

Partnered with Kesser Corporation in North America



## IT Appointments



# Change Before It's Too Late!

Jack Welch, Chairman & CEO

### Open Day

General Electric is one of the world's largest companies with annual revenue of over \$90 billion and has grown to become one of the premier companies in Europe with over 100 major locations generating European based annual revenue of more than \$18 billion. GE has grown to employ over 270,000 people worldwide including over 70,000 in Europe.

Built on 120 years of innovation, GE provides opportunities for those who have a vision, with the energy and confidence to pursue it.

GE is committed to bringing leading edge products and services to its world markets including: advanced medical imaging equipment, plastics, appliances, power generation equipment, lighting, industrial control systems, power controls, aircraft engines, entertainment (NBC) and financial services. Through alliances and acquisitions, we aim to double the size of our European operations by the turn of the century and IT is at the forefront of the dynamic, fast paced growth and development of GE.

GE is hosting an Open Day on Sunday 14th June 1998, for high calibre diverse IT professionals from business analysts to leadership roles throughout Europe.



GE

An equal opportunity employer

\*Trademark of General Electric Company, U.S.A., which is not connected with the English company of a similar name.

### European IT Opportunities

Candidates will possess:

- A computer related or numerate degree.
- An up-to-date knowledge of client/server development, relational databases (pref Oracle) and/or systems integration.
- Strong analytical and effective problem solving skills.
- A high level of motivation, the ability to motivate others and communicate the IT vision.
- The ability to set aggressive goals and understand accountability and commitment.
- Excellent communication skills coupled with a professional approach.
- The ability to add value within the specialist IT career path they have chosen.
- The ability to embrace change and not see it as a threat.

Being fluent in a second European language may be an advantage in the future, as would be the flexibility to relocate.

We are result-orientated, performance-focused, fast-changing, energetic and passionate about winning. If you meet this profile and are excited about joining a fast-paced global company, please contact our retained consultants promptly as there are limited places available.

Interested candidates should respond to either Lisa Norris or Samantha McClary at Robert Walters Technology by sending a detailed Curriculum Vitae, to Level 5, 40 Strand, London WC2N 5HZ. Alternatively telephone them on 0171 915 8742. E-mail: lisa.norris@robertwalters.com You may also apply via [http://raps.com/Robert\\_Walters](http://raps.com/Robert_Walters) quoting reference RW97.

## C++ QUANT DEVELOPERS Equity Derivatives

### CITY

### £ Excellent Package

Our client is the largest banking institution in the US and one of the largest in the world. With a global presence in over 50 countries and an asset size in excess of \$300 billion, the firm possesses top tier leadership in every area of banking, from global finance and trading to private banking and information services.

Due to expansion, our clients are looking to recruit a C++ mathematical developer to support its Equity Quantitative Trading Group. The team consists of Analyst Programmers, Quant Analysts and Marketers and holds responsibility for the implementation and delivery of business solutions to the trading floor community.

#### Background

- PhD Graduate
- 1-2 years Post Doctoral experience in any industry

#### Skills & Attributes

- Excellent mathematical and analytical skills
- Strong applied programming and modelling skills
- C/C++ development skills
- Team oriented
- Ability to work to tight deadlines in a pressurised environment
- Knowledge of modelling using Monte-Carlo simulation is an advantage

This is a unique opportunity for candidates with a numerical background to not only gain an in-depth knowledge of a full range of business areas, but also to work closely with derivative traders and sales people to price and manage mathematically complex Equity Derivative structures.

For this position and others please contact Sally Mullan or Mike Sherwin

**Huxley**  
Associates

INVESTMENT BANKING  
17 St Helen's Place, London EC3A 6DE

Telephone: 0171 335 5890  
Mobile: 0411 717 780  
Fax: 0171 335 0008  
Email: jobs@huxley.co.uk

## EQUITIES Business Analysts & Project Managers

### CITY

### £35-55,000 + Banking Benefits

#### The Organisation

The European Equity Business team in the pre-eminent US Investment Bank are currently searching for outstanding Business Analysts and Project Managers. The team consists of analysts and implementers responsible for business analysis, architecture, account management, project management and implementation for all Back Office Systems across Europe. These requirements have come about as a reaction to ongoing European expansion and acquisitions, and the re-architecting of the European Systems Group.

#### The Roles

The many and diverse roles incorporate EMU Strategy, Finance Analysis and Design, SWIFT Settlement Analysis and Implementation, Gloss Projects, Year 2000 Planning and Implementation. Wide ranging skills required include: Settlement experience (Crest, Euroclear etc.), Financial knowledge (Ledgers, stock records, posting drivers, regulatory etc.), Trade Processing (Charges, Accrued Coupon, Settlement Defaulting), Securities Background (Swaps, OTC, FX).

#### The Qualifications

Technical experience to include some of the following: Microsoft Office, Project, Basic SQL concepts and Data Architect skills for the relevant positions. Candidates should be Graduates with a good degree (1st or 2:1). Essential skills include a proven understanding of the Securities business either in Operations, Finance or Technology. Substantial experience working within the financial sector and solid and demonstrable communication skills.

#### The Future

This organisation is uniquely positioned to capitalise on its established business strengths and to consolidate its position as a global leader across a range of financial markets. This is clearly an exciting opportunity to join business critical projects at a defining moment.

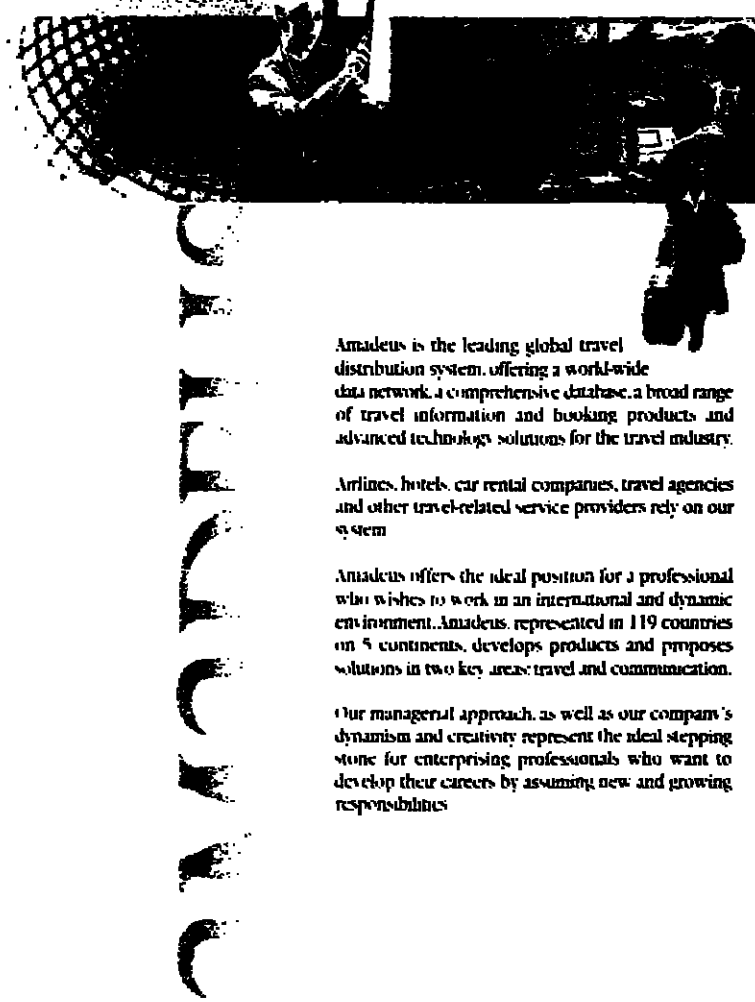
Please contact Danielle Lorenz

**Huxley**  
Associates

INVESTMENT BANKING  
17 St Helen's Place, London EC3A 6DE

Telephone: 0171 335 5888  
Mobile: 0468 175 002  
Fax: 0171 335 0008  
Email: d.lorenz@huxley.co.uk

## We help those who help the traveller. How far do you want to go?



Based at our world headquarters in Madrid, the following position is available:

### Product Manager Internet Data Services

Ref: G10-198

Business Role: Analyse market and client needs for data related Internet products and projects, define products, co-ordinate and carry out the production process as well as the final administration and distribution.

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